



Daily Report

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Daily Report

China

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CONTENTS

31 December 1992

NOTICE TO READERS: An * indicates material not disseminated in electronic form.

INTERNATIONAL AFFAIRS

General

| | |
|---|---|
| XINHUA Discusses World Economic Trends | 1 |
| 'Yearender' on Start of 'New Historical Period' <i>[XINHUA]</i> | 1 |
| Chen Xitong Meets With IOC Member <i>[XINHUA]</i> | 2 |
| President Bush Arrives in Mogadishu <i>[XINHUA]</i> | 2 |
| Report on U.S., Russian Arms Control Progress <i>[XINHUA]</i> | 2 |
| Yeltsin on Treaty <i>[XINHUA]</i> | 3 |
| All Former Soviet Troops Pull Out of Mongolia <i>[XINHUA]</i> | 3 |

United States & Canada

| | |
|---|---|
| 'Yearender' on Bill Clinton's Policy Trends <i>[GUANGMING RIBAO 22 Dec]</i> | 4 |
|---|---|

Northeast Asia

| | |
|---|---|
| PRC, DPRK To Trade in Hard Currency in 1993 <i>[Beijing Radio]</i> | 4 |
| DPRK Vice Premier Praises Bilateral Ties <i>[XINHUA]</i> | 5 |
| Inner Mongolian Chairman Meets Mongolian Group <i>[NEIMENGGU RIBAO 6 Dec]</i> | 5 |

Southeast Asia & Pacific

| | |
|--|---|
| Light Industry Minister Visits Malaysia <i>[XINHUA]</i> | 5 |
| PRC-Malaysian Friendship Association Begins <i>[XINHUA]</i> | 6 |
| Guangxi Official Discusses Ties With Vietnam <i>[Hong Kong SOUTH CHINA MORNING POST 31 Dec]</i> | 6 |

Near East & South Asia

| | |
|---|---|
| Israeli President Herzog Leaves for Home <i>[XINHUA]</i> | 7 |
| Wu Xueqian Meets Visiting Bangladesh Minister <i>[XINHUA]</i> | 7 |
| Guangdong, Bangladesh Firms Sign Garment Contract <i>[XINHUA]</i> | 7 |

NATIONAL AFFAIRS

Political & Social

| | |
|---|----|
| Deng in Shanghai; Expected To Inspect Pudong <i>[Hong Kong LIEN HO PAO 30 Dec]</i> | 8 |
| Li Peng Calls For Greater Achievements in 1993 <i>[XINHUA]</i> | 8 |
| Yang Shangkun Broadcasts New Year Message <i>[XINHUA]</i> | 8 |
| New Department Head Described as Deng 'Protege' <i>[Hong Kong SOUTH CHINA MORNING POST 31 Dec]</i> | 9 |
| Hu Jintao Expected To Head Party School <i>[Hong Kong MING PAO 31 Dec]</i> | 9 |
| Dissident Views Future of Government, Hong Kong <i>[Hong Kong Radio]</i> | 10 |
| Editorial Examines Role of Democratic Parties <i>[RENMIN RIBAO OVERSEAS EDITION 31 Dec]</i> | 13 |
| Pen Talk on Future of China's Socialism | 14 |
| Part I <i>[RENMIN RIBAO 11 Dec]</i> | 14 |
| Part II <i>[RENMIN RIBAO 12 Dec]</i> | 20 |
| Official Urges Reform of Cadre Retirement System <i>[RENMIN RIBAO 17 Dec]</i> | 26 |

| | |
|--|----|
| Over 148,000 Registered Drug Addicts Reported [ZHONGGUO XINWEN SHE 30 Dec] | 27 |
| Further on Jiang Zemin Visits Hubei Province [Wuhan Radio] | 27 |
| Police Forces To Wear Corp Badges in 1993 [XINHUA] | 29 |

Science & Technology

| | |
|---|----|
| Authorities Unveil Technology Plan for Economy [CHINA DAILY 29 Dec] | 29 |
| Aviation Expert Says Air Safety 'Careless' [AFP] | 30 |

Military

| | |
|---|----|
| Military Enterprises Produce More Civilian Goods [HEILONGJIANG RIBAO 6 Dec] | 30 |
| Henan Secretary at Military District Meeting [Zhengzhou Radio] | 30 |
| Sichuan Rally To Name Model Double Support Cities [Chengdu Radio] | 31 |

Economic & Agricultural

| | |
|--|----|
| Spokesman Reviews 1992 Economic Situation [XINHUA] | 31 |
| Leap in Money Supply Fuels Higher Inflation Fears | |
| [Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) 31 Dec] | 33 |
| Measures To Boost High-Tech Enterprises Announced [CHINA DAILY 31 Dec] | 34 |
| Commentary on Strengthening Macroeconomic Control [XINHUA] | 34 |
| Beijing Sets Up First Paging Network for Stocks [XINHUA] | 35 |
| Russia, Bulgaria, Romania To Buy More Rice [CHINA DAILY 26 Dec] | 36 |
| Article Urges Taxation Law Enforcement System [LIAOWANG 2 Nov] | 36 |
| National Coal Firm To Close 30 Inefficient Mines [CHINA DAILY 28 Dec] | 40 |
| Oil Industry Fulfils Plan Ahead of Schedule [XINHUA] | 41 |
| National Meeting Opens on Petrochemical Industry [XINHUA] | 41 |
| Views Sinopec's 1992 Activities [XINHUA] | 42 |
| More on Sinopec [XINHUA] | 42 |
| Construction To Increase Hydropower Capacity [XINHUA] | 43 |
| Largest Huang He Power Project Contract Signed [XINHUA] | 43 |
| State Approves Huang He Water-Diversion Project [Jinan Radio] | 43 |
| 'Verified' Mineral Deposits Show Increase [CHINA DAILY 30 Dec] | 43 |
| Water Projects Solve Shortage for 3.4 Million [XINHUA] | 44 |
| Wan Li, Tian Jiyun Launch Dalian Railway [XINHUA] | 44 |
| Trade Union Message Urges Supporting Reforms [XINHUA] | 45 |

REGIONAL AFFAIRS

East Region

| | |
|---|----|
| Shandong Secretary Chairs Veteran Cadres Meeting [DAZHONG RIBAO 10 Dec] | 46 |
| Shandong Secretary Meets With Policemen [Jinan Radio] | 46 |
| Shanghai Develops TV Program Service to Taiwan [XINHUA] | 47 |

Central-South Region

| | |
|---|----|
| Shenzhen To Catch Up With 'Four Little Dragons' | |
| [Hong Kong THE STANDARD 31 Dec] | 47 |
| Henan Congress Accepts Chairman's Resignation [Zhengzhou Radio] | 48 |
| Hunan Industrial Output Value Reported [Changsha Radio] | 48 |

Southwest Region

| | |
|--|----|
| Guizhou Governor Addresses Planning Conference [Guiyang Radio] | 48 |
| Sichuan Secretary Tours Provincial Stock Firm [Chengdu Radio] | 49 |

North Region

| | |
|---|----|
| Beijing Mayor Attends Education Discussion [BEIJING RIBAO 17 Dec] | 49 |
|---|----|

| | |
|---|----|
| Beijing CPC Committee Holds Plenary Session | 49 |
| Elects Discipline Inspection Leaders <i>[BEIJING RIBAO 18 Dec]</i> | 49 |
| Secretary Addresses Session <i>[BEIJING RIBAO 18 Dec]</i> | 50 |
| Hebei Governor Speaks on Agriculture <i>[HEBEI RIBAO 1 Dec]</i> | 51 |
| Hebei Secretary's Article on Rural Development <i>[HEBEI RIBAO 6 Dec]</i> | 54 |
| Hebei Secretary on Assimilating Returned Students <i>[HEBEI RIBAO 17 Dec]</i> | 55 |
| Hebei Leaders Address Tertiary Industry Meeting <i>[Shijiazhuang Radio]</i> | 56 |

Northeast Region

| | |
|---|----|
| Heilongjiang Reports Bumper Agricultural Harvest <i>[HEILONGJIANG RIBAO 10 Dec]</i> | 56 |
| Jilin Secretary Attends Police Ranking Ceremony <i>[Changchun Radio]</i> | 57 |

Northwest Region

| | |
|---|----|
| Xinjiang's Border Trade Volume Up 359 Percent <i>[XINHUA]</i> | 57 |
|---|----|

PRC MEDIA ON TAIWAN AFFAIRS

| | |
|---|----|
| Taiwan Investment Increases in Mainland <i>[XINHUA]</i> | 59 |
| Beijing Mayor Meets Taiwan Industrial Group <i>[BEIJING RIBAO 16 Dec]</i> | 59 |

TAIWAN

| | |
|--|----|
| Foreign Minister on Hopes for Clinton Government <i>[LIEN HO PAO 23 Dec]</i> | 60 |
| Trade Board Says Cross-Strait Ties Soaring <i>[CNA]</i> | 60 |
| Foreign Ministry To Publish Diplomatic Report <i>[CNA]</i> | 61 |
| Younger Politicians To Take Up Key Posts <i>[CNA]</i> | 61 |

General

XINHUA Discusses World Economic Trends

OW3112063592 Beijing XINHUA in English
0509 GMT 31 Dec 92

[Text] Beijing, December 31 (XINHUA)—The world today is undergoing a historical period of great changes. The four-decade-old configuration of the U.S.-Soviet bipolarization ended in the early 1990s.

The Gulf war, the breakup and civil war in Yugoslavia, the war in Somalia and the conflicts in the Commonwealth of Independent States (CIS) have all indicated that the world has not yet become peaceful even though the cold war has ended.

Meanwhile, however, economic issues have become the focus of strategy and international relations in some countries, especially the large ones. The main arena of the world is shifting to the economic field.

The protracted confrontation and arms race between the United States and the Soviet Union wore down the Soviet Union and also weakened the United States.

President George Bush was defeated by Bill Clinton in the U.S. presidential race mainly because of the poor economic performance in the country during his tenure of office.

Bush still was focusing on the foreign policy in a bid to establish a U.S.-led "new world order" at a time when the strength of the U.S. had been reduced and the Americans were more concerned about their domestic economic situation.

But Clinton advocated to rebuild the U.S. economy just as Europe and Japan rebuilt themselves following World War Two.

The United States is now the only superpower left in the world, and it has its problems in the economic field—its national debts exceeding 4 trillion U.S. dollars, a main factor threatening the U.S. economy. In the economic and technological fields, the gaps between the United States, and Japan and Germany are narrowing rapidly. In fact Japan has entered into bitter competition with the United States.

Japan's gross national product (GNP) is equal to 60 percent of that of the U.S., but its per capita GNP, its investment in domestic fixed assets and interlational loans have exceeded those of the United States. In the high technological field, Japan has caught up with or exceeded the United States. Japan has become the world's biggest creditor nation, while the United States the biggest debtor.

Some economists have predicted that the economic strength of Japan will have overtaken the United States by the year 2025, if the U.S. maintains its 2.7 percent average annual growth rate of the 1980-90 period, and Japan its 4.5 percent growth rate.

After the unification of Germany in October 1990, the German Government pumps 150 billion marks annually

into eastern Germany. The large-scale financial investment will promote the economic restoration and development in the eastern part of Germany. By the end of this century, the economic strength of Germany will have grown considerably.

Many developing countries are adjusting their development strategy and economic policies to reduce the economic gap with the developed nations. East Asia has become a region whose economy is the most dynamic and grows the fastest in the world, notably South Korea, Singapore, China's Taiwan and Hong Kong.

Since this year, Eastern European countries and the former Soviet republics have entered a transition period switching to the market economy. Statistics show that the economic situation in the region has deteriorated sharply and the switching has been most arduous. The economic situation in most of the countries was hard to turn for the better in the near future.

But those countries have a certain level of economic foundation, especially Russia, which is rich in natural resources, with enormous potentiality in technology and military strength.

To enhance overall national strength, every country has improved or set up its market economy system, and quickened the development of technology. Many countries have increased their research and investment and worked out mid-term and long-term goals of advanced scientific and technological development.

They are expected to continue to adjust their industrial structures. The tertiary industry will further develop and the quaternary industry may be established.

By the end of this century, a world economic pattern will be set up, where the single European market, the free trade zone of North America and the economic circle in eastern Asia will be the dominating components.

The developed countries will expand their commodities exports while increasing their capital exports and technology transfer.

The major battlefield of the world has turned from that of the U.S.-Soviet confrontation and arms race to the contest of the over-all national strength, which is the important turning point of international relations since World War Two. The turn is a serious challenge to all countries, offering them chances to accelerate their economic development and strengthen their over-all national strength.

'Yearender' on Start of 'New Historical Period'

OW3112114992 Beijing XINHUA in English
1127 GMT 31 Dec 92

[By Tang Tianri]

[Text] Beijing, December 31 (XINHUA)—In 1992, the first year since the end of a bi-polarized world, people

entered a new historical period and saw some distinctive features and trends in the situation.

Bill Clinton, the 46-year-old Arkansas Governor, ended 12 years of Republican domination of the White House by beating George Bush in November 3 election, the first U.S. presidential election since the end of cold war. Public opinion in the United States held that a lingering recession in the domestic economy was the main reason for President Bush's defeat in the contest. In 1992, the nation's financial deficit stood at 290.2 billion dollars and national debt at 4,000 billion dollars.

The 40-year-long arms race between the two superpowers had therefore weakened the United States, apart from inducing the disintegration of the former Soviet Union. Meanwhile, recession was common to virtually all Western countries, with each having its own difficulties at home and sharpening contradictions overseas. Under such circumstances, it would be unrealistic to conceive that the tri-polars—the United States, Japan and Europe, or the Western "big nations club," were in a position to guide the establishment of "a new world order."

As most nations were bent on beefing up their overall national strength, the world was moving towards a multi-polar pattern. Clinton, the U.S. president-elect, pledged to "zero in like a laser" to get the U.S. economy rolling again.

Japan had become the second economic superpower next to the United States. The 12 EC nations had surpassed the United States in gross national product. The rise of Japan and Germany in particular was posing a challenge to the "leading role" of the United States.

Some Third World countries had grown into industrial countries and some others revised their strategy in order to increase their overall national strength at a quicker pace.

Observers noted that how the future multi-polar world would be like and where would be the place of each country in the pattern would depend on the race among the countries in reinforcing their strength.

As the bi-polar pattern fell apart and the world was moving towards multi-polarization, 1992 also witnessed some changes in the world's basic contradictions.

In the wake of the disintegration of the former Soviet Union, contradictions among Western nations increased obviously, especially in the area of economy. As a result of the raging trade war and money war among them, the seven Western giants failed to reach any substantive accord at their summit this year. There were vehement disputes among the EC nations on the Maastricht Treaty, too.

1992 was also a year of widespread turmoil. The "tremors" mainly shook a zone extending from the Balkans to central Asia. Ethnic, territorial and religious conflicts also plagued some other areas. However, the Asian-Pacific area remained relatively quiet and stable in the outgoing year.

Economically, the gap between the North and the South was further widened in 1992. Observers believed the developing world would find itself in a very rigorous international environment throughout the 90's. The protectionism in the West would pose a serious threat to their effort to expand export.

Peace and development, the two main themes of the present-day world, were still facing serious challenges.

While a new world war would be unlikely because of the disappearance of superpower rivalry, regional conflicts remained frequent, menacing regional peace and development despite the mediating efforts by the United Nations and other organizations.

As deterioration of the ecological environment continued, a UN-sponsored Earth Summit was held in June in Brazil's Rio de Janeiro.

Meanwhile, peace and development continued to be obstructed by power politics and hegemonism in the year. Some Western countries were still trying to impose their own values and development modes on developing countries, in what constituted an act of interference in the latter's internal affairs and an obstacle to peace and development.

Chen Xitong Meets With IOC Member

OW3012050992 Beijing XINHUA in English
1715 GMT 29 Dec 92

[Text] Beijing, December 29 (XINHUA)—Chen Xitong, president of the Beijing 2000 Olympic Games Bid Committee, met here today with Norway's Jan Staubo, member of the International Olympic Committee [IOC].

The 72-year-old Norwegian guest, invited by the Beijing bid committee, arrived here on December 28.

President Bush Arrives in Mogadishu

OW3112121792 Beijing XINHUA in English
1145 GMT 31 Dec 92

[Text] Mogadishu, December 31 (XINHUA)—U.S. President George Bush arrived here today for a visit to American troops protecting relief food for the starving Somalis.

Bush, wearing a desert camouflage cap and tunic, landed at Mogadishu Airport amid heavy security at 0940 GMT.

He was greeted by the Commander of U.S.-led forces in Somalia, Lieutenant General Robert Johnston, and the United Nations Special Representative Ismat Kittani.

Report on U.S., Russian Arms Control Progress

OW3012210792 Beijing XINHUA in English
1757 GMT 30 Dec 92

[Text] Washington, December 30 (XINHUA)—U.S. President George Bush announced here today that he

and his Russian counterpart Boris Yeltsin would meet over the weekend in the Russian Black Sea resort of Sochi to sign the second Strategic Arms Reduction Treaty [START II].

A similar announcement was made earlier in Moscow by Yeltsin's spokesman Anatoliy Krasikov.

Bush announced the scheduled summit after meeting with Secretary of State Lawrence Eagleburger at the White House and a telephone conversation with Yeltsin.

He described the treaty as "good for all mankind," while the Russians called it a "document of the century."

The president, who will spend the New Year's Day with American soldiers in Somalia, said he would also discuss with Yeltsin bilateral and regional issues during the summit Saturday and Sunday.

The final hurdles to the conclusion of the pact, which was outlined by Bush and Yeltsin in Washington in June, were cleared in Tuesday's negotiations in Geneva between Eagleburger and Russian Foreign Minister Andrey Kozyrev and Defense Minister Pavel Grachev.

The new treaty requires both countries to abolish all their land-based nuclear missiles with multiple-warheads and cut the number of nuclear warheads to 3,000 to 3,500 each by the year 2003.

The conclusion of the treaty was seen as another major diplomatic achievement for Bush before he steps down on January 20.

Observers here say the final version of the treaty is a result of more concessions from the Russians than the Americans.

The pact allows Washington to keep its stockpile of seaborne multiple-warhead missiles, assuring its nuclear supremacy. Sea- and air-borne missiles comprise some two-thirds of the U.S. nuclear muscle.

On the other hand, Russia would have to destroy all of its land-based intercontinental missiles with multiple-warheads, which now account for some two-thirds of its nuclear toll. Among the missiles to be demolished are its powerful 10-warhead SS-18 missiles.

Land-based intercontinental multiple-warhead missiles only represent one-third of the United States' nuclear arms stock.

The Americans have also made some concessions. Washington has reportedly agreed that Moscow could keep some silos now housing the SS-18 missiles and transform some of the six-warhead SS-19 missiles to single-warhead ones.

Washington had earlier insisted that Russia destroy all those items. Details of how many SS-18 silos the Russians can keep and how many six-warhead SS-19s they are allowed to transform to single-warhead ones are not known yet.

However, those SS-18 silos to be retained would have to be filled with enough concrete so they could only house smaller missiles such as the mobile SS-25s.

Another thorny issue blocking the conclusion of the treaty in the past months was Washington's now nuclear-armed B-1 bombers.

The Russians gave ground on the issue and the United States would be permitted to convert some of the B-1s from nuclear to conventional roles while preserving the right to switch some of them back to nuclear status in the future.

The START II Treaty, after being signed by the two presidents, would have to be ratified by the U.S. Senate and the Russian parliament before going into effect.

Bush said the pact would be approved by the Senate but there were fears that it might confront trouble in the Russian parliament.

Yeltsin on Treaty

*OW3112001092 Beijing XINHUA in English
2143 GMT 30 Dec 92*

[Text] Moscow, December 30 (XINHUA)—Russian President Boris Yeltsin announced here today that he and U.S. President George Bush will sign the second Strategic Arms Reduction Treaty (START II) when they meet on January 2-3 in the Russian Black Sea resort of Sochi.

Yeltsin issued the announcement after a telephone conversation with Bush this morning, the press office for Russian president disclosed.

According to the announcement, the two countries will slash their nuclear arsenals by two-thirds and further reduce their strategic weapons allowed to be retained under the first Strategic Arms Reduction Treaty.

Yeltsin said he and his U.S. counterpart will also discuss bilateral relations and regional issues at the Sochi summit.

All Former Soviet Troops Pull Out of Mongolia

*OW3012134392 Beijing XINHUA in English
1301 GMT 30 Dec 92*

[Text] Ulaanbaatar, December 30 (XINHUA)—The Mongolian Defense Ministry announced today that all former Soviet troops have withdrawn from the Mongolian territory.

The Soviet troops were deployed in Mongolia in 1963 and started its partial withdrawal in 1987. Moscow and Ulaanbaatar signed a three-stage withdrawal agreement in 1989 and 75 percent of the Soviet troops left Mongolia in that year.

The two countries had never disclosed the total number of the Soviet troops deployed in Mongolia.

United States & Canada

'Yearender' on Bill Clinton's Policy Trends

HK3112104292 Beijing GUANGMING RIBAO
in Chinese 22 Dec 92 p 4

[“92 Yearender” by Washington-based staff reporter Wang Deming (3769 1779 6900): “Policy Trends Following Clinton’s Election”]

[Text] Bill Clinton was elected U.S. president under the specific circumstances in which the U.S. economy was in recession and the U.S. public was universally dissatisfied with the existing state of affairs and thus desired change. How will Clinton fulfill the “hope and change” promise he made to the voters during the campaign? This has attracted the attention of the U.S. public and people around the world, as well.

Without a doubt, the issue on the agenda of the future Clinton administration requiring top priority is the economic one. Clinton again and again stressed that the U.S. Government’s task of top priority was “to revitalize the economy” at home. He presented a 100-day program as the short-term economic goal, with a view to encouraging investment, creating more jobs, improving education, giving more in-service training, and improving the health insurance system by expanding the investment tax credit and increasing capital construction in such areas as transportation and water conservation. His long-term economic strategy is to cut the defense budget, reform the tax system, reduce the federal financial deficit, and keep the huge national debt in check. The specific measures he wants to take are increasing the income tax of the rich, of high-income earners with an annual salary of \$200,000 or above, and of foreign companies; expanding the tax credit of salary earners and the middle class; and cutting by half the existing \$2.9 trillion federal deficit during his four-year term.

Judging from his series of public statements, Clinton has attempted to pursue an economic policy of combining a short-term goal with a long-term strategy. He emphatically said that the short-term goal of stimulating investment, increasing infrastructure investment, and creating more jobs should on no account hamper his pursuit of the long-term goal of cutting the federal deficit, reforming the tax system, and readjusting the monetary policy. However, he also maintained: At present, the short-term goal should be vigorously effected so as to give the economy a shot in the arm. As for the implementation of the long-term goal, it should be effected a little later. Many economists agree: Clinton’s attempt to merge the short-term stimulus program with long-term economic efficiency “seems to be a good idea,” but “to expect practical results under the present conditions in which the economy has not extricated itself from a predicament is, perhaps, not certain.” At present, as many big enterprises and firms are laying off their employees one after another, the call to encourage private investment is not appealing enough. More people

are expected to enjoy health insurance, but it is difficult for the federal government to allot a large sum of money. The government is prepared to spend \$20 billion in infrastructure construction to create more jobs, but this program will probably be unable to save the critical situation in which 9.2 million people are jobless. Moreover, increasing spending in infrastructure construction, employee training, and health insurance will inevitably expand the federal deficit. This way of mending the western wall by removing the eastern one will be of no help to the achievement of the long-term goal.

In diplomacy, the Clinton administration will also face severe challenges. In terms of overall trends, although Clinton styled himself to be the typical representative of “change,” basically, he will carry out the continuity of the U.S. foreign policy while making some necessary readjustments. Overall, the focal points of Clinton’s foreign policy are: maintaining the U.S. status as the world’s most powerful military power while reducing defense spending; continuing dialogue with Russia, holding bargaining negotiations on the reduction of strategic nuclear weapons, supporting the Russian economic and political reforms, and strengthening the cooperative relations between the United States and Russia; on the premise of a partial withdrawal of U.S. troops from Europe, continuing to carry out the defense commitments to its Western allies and NATO and further strengthening its political and economic relations with Western countries; prohibiting the proliferation of destructive weapons; promoting the Middle East peace talks and participating in settling the conflicts among the former Yugoslavia’s various republics; and strengthening and developing its relations with countries in the Asian-Pacific region, with U.S.-Japanese relations remaining the bedrock for the relations between the United States and Asia.

It should be noted that, for Clinton to ensure that the U.S. leading role in the world will be brought into full play, his administration’s foreign policy must be based on economic strength. Therefore, in diplomatic work, the most important task is to revitalize the U.S. economy. With this “economic diplomacy” as the guiding idea, the Clinton administration will all the more put greater stress on free trade and, at the same time, take tough, retaliatory measures against the countries which it considers not having observed fair trade. Another diplomatic characteristic not to be ignored is that the Clinton administration will continue to carry forward the Democratic Party’s consistent traditions, and, therefore, the clamor for democracy, freedom, and human rights will be louder than in the past.

Northeast Asia

PRC, DPRK To Trade in Hard Currency in 1993

SK3012141992 Beijing China Radio International
in Korean 1100 GMT 30 Dec 92

[Text] Li Lanqing, our country’s minister of foreign economic relations and trade, met with Kang Chong-mo,

Korean [Choson] vice trade minister, yesterday afternoon in Beijing. On this occasion, he said that China would positively seek to further develop cooperative economic and trade relations with Korea. Li Lanqing also said that under a new situation, China and Korea must find a new way to develop bilateral economic and trade relations. He also said that some problems may loom when the two countries start trading with cash from next year, adding: However, this transition will be beneficial to the development of economic and trade relations between the two countries.

Kang Chong-mo said that Korea had recently reformed the old foreign trade system and that it would take various measures to further promote cooperation with China. He expressed the hope that Korea would develop border trade and barter trade with China.

Li Lanqing said that China would map out a [word indistinct] policy and promote border trade between the two countries.

DPRK Vice Premier Praises Bilateral Ties

OW3112052292 Beijing XINHUA Domestic Service
in Chinese 2126 GMT 29 Dec 92

[By reporter Zhang Jinfang (1728 6930 5364)]

[Text] Pyongyang, 29 Dec (XINHUA)—Kim Yong-nam, member of the Korean Workers' Party Politburo, vice premier, and minister of foreign affairs, said here today that the Chinese and Korean peoples will strive hand in hand for peace and prosperity in Asia.

At a New Year's party held tonight by Chinese Ambassador Zheng Yi, Kim Yong-nam said: The successful convening of the 14th National CPC Congress has drawn great attention from people in China and abroad. The congress represents a special event, demonstrating the CPC's line and the whole view of the drive of building socialism with Chinese characteristics, as well as the future and the will of the Chinese people.

Kim Yong-nam said: The Korean people believe that our brotherly Chinese people will achieve new results in carrying out the resolutions adopted at the 14th National CPC Congress.

Kim Yong-nam continued: In the past year, both countries have engaged in exchanges at all levels in accordance with traditions and conventions. The year 1993 will be significant because it marks the 40th anniversary of the victory of the Chinese and Korean peoples, who fought side by side in the same trench against our common enemy. In an inspiring political passion and with glorious achievements in labor, the Korean people will greet the 40th anniversary of the victory of the liberation war of the motherland and demonstrate the deep-rooted friendship and unity between the two countries.

Kim Yong-nam said: It is a common will and inspiration for the Chinese and Korean peoples to value and develop

such a friendship from generation to generation. With the joint efforts made by both parties, countries, and peoples, Sino-Korean friendship, which has withstood all kinds of tests, will continue to develop.

Kim Yong-nam said: Both of our countries face the common undertaking of safeguarding independence and building socialism. The peoples of the two countries will strive hand in hand for peace and prosperity in Asia.

In his speech, Ambassador Zheng Yi said: China's Communist Party, Government, and people highly value the friendship between our two countries and will, as always, spare no efforts in consolidating and developing this friendship.

Also attending the party were Choe Tae-pok, alternate member of the Politburo and secretary of the Korean Workers' Party Central Committee; Yi Cha-pang, chairman of the State Scientific and Technological Committee and member of the Sino-Korean Friendship Association Central Committee; and others.

Inner Mongolian Chairman Meets Mongolian Group

SK3112082092 Hohhot NEIMENGGU RIBAO
in Chinese 6 Dec 92 p 1

[Text] On 5 December, autonomous region Chairman Bu He met with a delegation from the Central Provincial Government of the State of Mongolia led by its governor. (Se Gongqige).

Bu He welcomed the guests and explained to them about Inner Mongolia's reform and opening. He expressed pleasure with the growing economic and trade exchanges between the two sides and urged efforts to strengthen their exchanges and cooperation in all fields.

Jundui Saara, consul general of the State of Mongolia stationed in Hohhot, was present during the meeting.

Also present were responsible people of the autonomous regional foreign affairs office and the Ulanqab League commissioner's office.

Southeast Asia & Pacific

Light Industry Minister Visits Malaysia

OW3012043192 Beijing XINHUA in English
1544 GMT 29 Dec 92

[Text] Kuala Lumpur, December 29 (XINHUA)—Malaysian businessmen should take the opportunity to invest in China, a big market in the world, said Malaysia's Deputy Minister of International Trade and Industry Chua Jui Meng here today.

Describing China as "the largest construction site in the world," Chua said Malaysians could take part in many infrastructural projects in China.

Since an agreement to avoid double taxation between China and Malaysia is already in place, it would be easier for Malaysians to be involved in joint ventures with their Chinese partners, Chua told reporters after meeting with visiting Chinese Light Industry Minister Zeng Xianlin at his office.

He called on local businessmen to join a delegation from his Ministry to visit China in May.

According to the deputy minister, Malaysia's investments in China have amounted to 1.3 billion ringgit (about 520 million U.S. dollars).

Zeng, on his part, said his major activity in Malaysia is to open "China Culture and Commodity Exhibition 1993" scheduled for tomorrow. Through the event the Malaysian people can have a better understanding on China, especially on the latest development there, the minister said.

Relying to questions, Zeng said China welcomes direct foreign investment. This year has seen foreign participation in new areas such as railway and financial sectors. So far 22 foreign financial institutions have been approved to operate in China with four of them wholly-owned by foreigners, Zeng said.

PRC-Malaysian Friendship Association Begins

OW3012142592 Beijing XINHUA in English
1356 GMT 30 Dec 92

[Text] Kuala Lumpur, December 30 (XINHUA)—The Malaysia-China Friendship Association was officially established today, well-known Malaysian writer Usman Awang announced here.

The objective of the association is to strengthen friendly relations between the two countries, which can be traced back to long ago, Usman told a press conference.

Since the establishment of diplomatic relations between Malaysia and China in 1974, trade and cultural links have been increasing and contacts between leaders and people of the two nations have become closer, he said.

Usman said that with the assistance of Malaysia's Home Affairs Ministry, the registration of the association was approved on December 4 this year.

According to a press release, among the 22 executive council members, Usman Awang was selected as association president, and A. Aziz B. Deraman as deputy.

The association welcomes people aged above 18 to join in. Currently its main activity is in the cultural area, Vice President Lee Lam Thye said.

The association received a congratulation message from the China Association for International Friendly Contact.

Guangxi Official Discusses Ties With Vietnam

HK3112003792 Hong Kong SOUTH CHINA MORNING POST in English 31 Dec 92 p 8

[Article by Kent Chen in Nanning]

[Text] Residual political differences with Hanoi should not obstruct growing economic relations between Vietnam and China's southwestern Guangxi province, according to a senior Chinese official.

While briefing a group of Hong Kong journalists yesterday, the Vice-Governor of Guangxi, Mr Lei Yu, said economic and other links between his province and Vietnam should be rendered "standardized, more large-scale, and multi-faceted".

He also expressed confidence that Guangxi, one of China's poorest and most backward areas, would achieve fame and prosperity as southwest China's gateway to Asia.

Mr Lei, a renowned reformist whose last post was senior vice-mayor of Guangzhou, said that since July, Vietnamese authorities had imposed import restrictions on 17 types of Chinese products including electrical appliances.

Procedures for Chinese entering and leaving Vietnamese border checkpoints have also been made "more complicated and severe".

But Mr Lei said he did not think these development had come about because of residual political and diplomatic differences between the two countries.

"Border trade matches the interests not only of both countries but also those of people living close to the border," he said. "Its trend towards bigger development is unstoppable."

On the development of his province, Mr Lei said he was attracting overseas investors mainly to infrastructural projects, including highways and ports.

The Vice-Governor will visit Hong Kong in mid-February as the leader of a business delegation.

"I shall be looking for joint venture partners for 880 projects, 242 of which fall within the field of transport, 14 in energy, and 143 relating to raw materials," he said.

Mr Lei said at least five sites along Guangxi's 1,950-kilometre coastline, including Beihai, Fangcheng and Qinzhou, were suitable for development into deep-water ports.

Meanwhile the vice-chairman of the Guangxi Planning Commission, Mr Hong Puzhou, disclosed to Hong Kong reporters that Hong Kong's Hopewell Group was interested in taking part in the construction of the 109 km expressway linking Nanning with Qinzhou.

Hopewell also expressed an interest in building a thermal power station in Qinzhou, he said.

And Guangxi officials disclosed that the New World Group would team up with another Hong Kong company to build a thermal power plant in Beihai.

In total, Guangxi expected to have concluded 1,000 projects with foreign companies this year, about four times that of 1991.

Mr Lei indicated Guangxi would soon secure more autonomy from Beijing, meaning that his province would become the "principal passageway" through which the southwestern provinces could reach markets in different parts of Asia.

The provinces, including Yunnan, Guizhou, Sichuan and Tibet, are all landlocked and relatively underdeveloped.

The Vice-Governor said Governor Mr Cheng Kejie has personally been told by party General Secretary Mr Jiang Zemin that Guangxi's call for more favourable policies would be heeded.

Near East & South Asia

Israeli President Herzog Leaves for Home

OW3012141592 Beijing XINHUA in English
1354 GMT 30 Dec 92

[Text] Xian, December 30 (XINHUA)—The Israeli President Hayim Herzog left here for home this afternoon, winding up a week-long official visit to China.

Among those at the airport to see Herzog and his party off were Han Shubin, chairman of the Chinese Government Reception Committee and the Minister of Railways, Shaanxi Governor Bai Qingcai and the Mayor of Xian Cui Lintao.

The Israeli president arrived in Beijing on December 24 at the invitation of the Chinese President Yang Shangkun. Herzog's itinerary included a visit to Shanghai.

This morning Herzog and his party visited the terracotta army formations of China's first emperor, Qinshihuang, and the Shaanxi history museum.

The Israeli president showed great interest in the relics and expressed his admiration for the city's rich cultural heritage. He described the terracotta army formations as an unforgettable world wonder and a good testimony of the Chinese civilization of thousand years.

Wu Xueqian Meets Visiting Bangladesh Minister

OW3112065792 Beijing XINHUA in English
0642 GMT 31 Dec 92

[Text] Beijing, December 31 (XINHUA)—Chinese Vice-Premier Wu Xueqian met with Mosharraf Hossain, minister for energy and mineral resources of Bangladesh, and his party here today.

Hossain arrived here December 26 at the invitation of Chinese Ministry of Foreign Economic Relations and Trade to discuss cooperation with the Chinese side in the field of energy.

Guangdong, Bangladesh Firms Sign Garment Contract

OW3112115192 Beijing XINHUA in English
1120 GMT 31 Dec 92

[Text] Dhaka, December 31 (XINHUA)—A contract for setting up a garment project to produce cotton T-shirt for export has been signed between the Guangdong International Corporation of China and Trade Promotion Corporation of Bangladesh.

This is the first garment project in the country joint ventured by China, and the final contract in this regard was signed recently in Guangzhou, Chinese trade officials in Dhaka said today.

The total fabrics needed for the project with a yearly capacity of 400,000 dozens of 100 percent cotton T-shirts will be supplied by the Chinese side.

It is expected that on the completion of the project, which will be implemented under the Chinese state credit to Bangladesh, employment opportunities for about 400 people will be created.

Bangladesh garment exports during fiscal 1991-92 ending on June 30, 1992, were up 46 percent over the previous fiscal year, providing the main impetus for overall export growth of 13 percent for the country in the fiscal year.

The number of garment mills in the country increased from none in 1980 to some 1,300 with workforce of 600,000 at present, and the foreign capital invested in this sector came mainly from Japan, South Korea, Taiwan, Hong Kong and Singapore.

Political & Social

Deng in Shanghai; Expected To Inspect Pudong

HK3112030692 Hong Kong LIEN HO PAO in Chinese
30 Dec 92 p 1

[Report dispatched from Shanghai on 29 December: "Deng Xiaoping Arrives in Shanghai"]

[Text] According to an authoritative source in Shanghai, the CPC supreme leader Deng Xiaoping arrived in Shanghai on 26 December and is currently staying at the Xijiao Guest House. He was expected to inspect the Pudong Economic Development Zone soon. Deng Xiaoping will probably leave Shanghai and return to Beijing in February.

The source said: A few days ago, Deng Xiaoping listened to the work report submitted by Wu Bangguo, secretary of the Shanghai Municipal Party Committee, and Mayor Wang Ju on the municipality's economic development since the beginning of this year. Full of zest, he said: "I want to go to Pudong to have a look."

On 26 December, when the special train (with only two carriages) carrying Deng Xiaoping arrived at the Shanghai Western Station, security was extremely tight there and the station was closed for a time.

Li Peng Calls For Greater Achievements in 1993

OW3112102892 Beijing XINHUA in English
1008 GMT 31 Dec 92

[Text] Beijing, December 31 (XINHUA)—The country is now showing an excellent political and economic situation and the party and government encourage the Chinese students now studying abroad to come back to work after finishing their studies.

Chinese Premier Li Peng made the remarks in his recent interview with the magazine "CHINA'S TALENTS".

Reviewing the progress made in 1992, he noted the party laid major tasks for the 1990s during its 14th national congress. The tasks are highlighted by the target for establishing a socialist market economy.

Encouraged by Deng Xiaoping's speech during his tours of southern China for making bolder reformative steps, the country has shown an excellent political and economic situation. And people across the country are ready to make new progress.

The premier said some students now occupied with research work or jobs may not be able to come back currently. "We express a full understanding for that and adopt a policy of coming and going freely," Li said, adding that the country welcomes them to come back for family visits and academic exchanges at any time they like.

On restructuring government departments, Li said it is an urgent task and an important precondition for deepening economic reforms and setting up the socialist market economy. Some government departments suffering an overlapping staff and low work efficiency are facing an extreme urgency for simplification and reform.

He also tried to eliminate the worries of some officials for losing their jobs by saying they can play their role better in enterprises and other companies.

The premier also called on the party and the government to make greater efforts to gain new achievements in all fields in the coming new year.

Yang Shangkun Broadcasts New Year Message

OW3112103592 Beijing XINHUA in English
1023 GMT 31 Dec 92

[Text] Beijing, December 31 (XINHUA)—Chinese President Yang Shangkun today wished people all over the world a happy and successful year in 1993.

In his New Year greeting to people from overseas, compatriots in Hong Kong, Macao and Taiwan and Overseas Chinese via China Radio International here, the president also expressed his sympathy and solicitude to those people around the world who are suffering from natural disaster or war, and wished them peace and contentment in the New Year.

In his message, the president said that 1992 has been a year full of vigor and vitality for the Chinese people who have enjoyed social stability, sustained economic development, active diplomacy and ever-rising living standards.

He said Deng Xiaoping's tour of southern China earlier this year led to a new, accelerated drive of reform and opening to the outside world, which is now well underway.

He said the 14th National Congress of the Communist Party of China, which made the decision to establish a socialist market economy, has systematically summarized Deng Xiaoping's theory of building socialism with Chinese characteristics.

The president noted that a stable and unified political situation is necessary for any country's economic development. No country in the world could be completely modernized and industrialized in the midst of a turbulent political environment.

The president said China can consolidate and further develop political stability and unity so that China's favorable conditions will bring in more overseas partners and investors.

No country can obtain economic development without a peaceful international environment, the president said. A more open China needs to continuously expand its

cooperation with all other countries on the basis of equality and mutual benefit.

In 1992, China continued its peaceful policy of independence and self-reliance, more actively expanded its diplomatic relations with other countries and played its role in world affairs.

It has established diplomatic relations with 15 countries in 1992, bringing the total number up to 154.

The president noted that hegemonism and power politics still exist. Peace and development are still the two main themes for the present world. Meanwhile, ethnic conflicts, territorial and religious disputes, the gap between the north and the south and natural disasters are bringing profound sufferings to people of many regions. A great number of people have been left destitute and homeless and have been deprived of the most basic rights of life.

He urged to end the situation, which is not in line with the historical trend toward peace and development.

According to Yang, the reunification of the Chinese nation is also a general trend, which can not be blocked.

The year of 1992 has witnessed more frequent nongovernmental exchanges across the Taiwan Strait.

"This demonstrates the feelings of the people of Taiwan and the mainland," the president said. "I hope the Taiwan authorities comply with the aspirations of the people and take concrete actions as soon as possible to remove hostility and barriers and promote a new development in relations between Taiwan and the mainland."

The return of Hong Kong and Macao can be expected soon, the president said. But the Hong Kong Government's recent move has caused barriers to Hong Kong's smooth transition.

The president pointed out, "This is not to the liking of the Chinese people, including the Hong Kong compatriots. I hope the Hong Kong Government to change its attitude and return to the path of cooperation."

New Department Head Described as Deng 'Protege'

HK3112004792 Hong Kong SOUTH CHINA MORNING POST in English 31 Dec 92 p 8

[Article by Willy Wo-lap Lam]

[Text] A protege of patriarch Mr Deng Xiaoping has been appointed head of the Chinese Communist Party's United Front Department.

Mr Wang Zhaoguo, 51, whose last post was director of the Taiwan Affairs Office, will act as a "bridge" between the party and the eight "democratic parties" as well as intellectuals in general.

He will also look after relations with politicians and noted personages in Taiwan, Hong Kong and among overseas Chinese circles.

Generally regarded as a "moderate reformist", Mr Wang has been head of the General Office of the Central Committee and governor of Fujian province.

He is also believed to be close to the Deng family, having been personally selected by the patriarch for high office.

However, Mr Wang, formerly considered a rising star, failed to be promoted to the politburo or Central Committee secretariat at October's 14th party congress. One explanation offered was that conservatives had put up objections because of his close affiliation with former party general secretaries Mr Hu Yaobang and Mr Zhao Ziyang.

Member of the politburo Standing Committee Mr Li Ruihuan, another Deng protege, has been given overall charge of smoothing relations with the democratic parties and with politicians in Taiwan and Hong Kong.

The analysts said since the party had stated at the congress it would not pursue "Western-style democracy", it would only pursue "political reform" in the context of co-opting more intellectuals and members of non-communist parties as advisers to party and Government.

Hu Jintao Expected To Head Party School

HK3112113092 Hong Kong MING PAO in Chinese
31 Dec 92 p 7

[["Special dispatch": "Hu Jintao Reportedly To Become Central Party School President"]]

[Excerpts] The official XINHUA NEWS AGENCY reported yesterday that Wang Zhaoguo, director of the State Council Office of Taiwan Affairs, has been named head of the CPC Central Committee's United Front Work Department. Meanwhile, a Beijing source revealed that Hu Jintao will take over as president of the Central Party School. [passage omitted]

According to the Beijing source, Hu Jintao, member of the Political Bureau Standing Committee, will take over as president of the Central Party School. The source added: Since the CPC veteran leader Wang Zhen stopped serving as president of the Central Party School, the post has been turned over to a member of the CPC Central Committee Political Bureau Standing Committee. The previous president of the Central Party School was Qiao Shi.

The source went on: Hu Jintao entered the CPC's highest decision-making circle at the 14th party congress held in October this year and thus became the youngest member of the Political Bureau Standing Committee. He was also assigned to take charge of the CPC Central Committee's organization work. Since Qiao Shi has already been designated internally as the chairman of the National

People's Congress, he will give up the presidency of the Central Party School. And because of the responsibilities of Hu Jintao, it is only customary that he should take over the post.

The source also said that Hu Jintao is reserved and discreet, has a strong sense of principle, and at the same time, is not inclined to be swayed by old acquaintances. He acts according to principles and is therefore more suitable to take over the CPC's organization work and to contribute to the moulding of obedient party cadres.

Reports claimed that even though Hu Jintao has now entered the circle of the CPC Central Committee Political Bureau Standing Committee, he has not moved his home, and still lives in the old dormitory near the flyover in Beijing's Xizhimen.

Dissident Views Future of Government, Hong Kong

*HK3112082892 Hong Kong RTHK Radio 1
in Cantonese 1230 GMT 19 Dec 92*

[Interview with Wang Ruowang from the "City Talk" program hosted by Ting Chia-hsiang and Shen Hsiu-chen in Hong Kong; date not given—recorded]

[Text] [Ting] Hi, Shen Hsiu-chen. Wang Ruowang, the Chinese writer and famous democratic activist, arrived in Hong Kong recently. His visit here has been reported by newspapers and television stations. I know you have an interview with him, right?

[Shen] Oh yes. Most Hong Kong people first came to know about Wang Ruowang during the 1989 democratic movement in China. Few people may know about Wang Ruowang's history and what he has experienced during his life. Let us now give the audience a more complete account of Wang Ruowang's life.

[Unidentified narrator] Wang Ruowang, originally named Wang Xiuhua, was born in Jiangsu in 1918. He studied for a year at a normal school before he was dismissed from the school. After that, he worked as an apprentice at a Shanghai pharmaceutical factory. He joined the Left-Wing Writers' Alliance and the Communist Youth League at the age of 15. He was arrested for involvement in a strike in 1934. On being released from prison in 1934, he went straight to Yanan and joined the CPC. During the eight years of the War Against Japanese Aggression, Wang Ruowang was a member of the Xian City Work Committee, held the post of secretary of the Baoji County Local CPC Committee, and worked as a lecturer at a school for youths. After the founding of Communist China in 1949, Wang Ruowang—who was then in Shanghai—was appointed trade union secretary, propaganda department head, and oil press plant director. In 1954, he was appointed deputy director of the East China Office of Culture and Art. He also held the post of deputy editor-in-chief of WENYI YUEBAO [Cultural and Arts Monthly]. He was condemned as a rightist in 1957 and expelled from the party for a while.

He was jailed for four years during the Cultural Revolution but rehabilitated in 1978, regaining his status as a CPC member some time afterward. He was then appointed deputy editor-in-chief of SHANGAI WENXUE [Shanghai Literature] and elected a council member of the National Writers Congress [organization as heard]. When he was condemned as a rightist in 1957 his ex-wife, who could not stand the pressure, became schizophrenic and died. However, he said he held no grievances against Mao Zedong at that time. He did not awaken from his blind belief until Peng Dehuai submitted a 1,000-word letter to Mao Zedong in 1959. The Cultural Revolution gave another impetus to Wang Ruowang's dissident tendency against the CPC. The enlightenment provided by the 1986 and 1989 student movements further awakened Wang Ruowang. He said his awakening was a slow, painful, and nonself-conscious process. Having been a loyal CPC member for more than 50 years, he eventually realized that China will only have hope if the country puts an end to the one-party dictatorship and takes the road to democracy and liberty.

[Ting] Well, although Wang Ruowang has been a CPC member for almost 60 years, he has been a target of criticism and condemnation during most of his life. I think he must have aired many views that were intolerable to the CPC leaders. Is that true?

[Shen] Yes, he did. In fact, before 1957, Wang Ruowang was a very firm left-winger. He had been deputy editor-in-chief of WENYI YUEBAO and had been very active in criticizing the Hu Feng counterrevolutionary clique. But he was faithful to his views at that time or, in other words, he was loyal to the party. As a loyal party member, he was of course dominated by the party's ideological line in literature and art; however, his experience over several decades has quite naturally changed his views.

[Wang] Well, in my early years I was influenced by the Communist Party's theory on literature and art and it seemed to me that writing was a part of the party's propaganda work. Because of the influence of the party's propaganda, I confined the role of literature and art to present a false picture of peace and prosperity, to beautify the party, and to conceal negative phenomena and the darker side of reality. I myself wrote some works of this nature. After all, such works are lifeless. I could write those kinds of works and have them published very quickly, but they also withered very quickly—like flowers. I attach no value to them. I believe this is one of the worst policies ever adopted by the party.

[Ting] Wang Ruowang began publishing short essays and poems in newspapers and magazines when he was 15 years old. He wrote a very wide variety of works, including novels, essays, film scripts, and Beijing opera librettos. He recently published his autobiography written in the form of a novel. Wang Ruowang has been a writer for 60 years. How does he view his literary writing over the past decades?

[Shen] Of the several forms of writing, Wang Ruowang seems to prefer essays. He has already published two volumes of his autobiography and he plans to publish the third and fourth volumes. He was not allowed to have the first two volumes of his autobiography published in Mainland China and he very much regrets this. He thinks the most important thing is that his works should be read by the Chinese. Therefore, he insists that the fourth volume of his autobiography must be published in Mainland China. This will be the last milestone of his literary writing and a major hallmark in the struggle for freedom of speech in the PRC.

[Wang] I have made use of various forms of literature, but I have devoted more time to essay writing because, as pointed out by Lu Xun, an essay is like a dagger or spear that can be used to expose and attack the seamy, ugly side of society. Essays are relatively short in length, can be published very quickly, and can reach a large number of readers. Yes, I did write some novels, but not many. I have written more reportage works that are of an autobiographical nature, for instance, "The Loneliness Trilogy." I also wrote a script; I mean film script. The name of the script is "A Fu in Search of Treasure." It was a film for children and was shown in Mainland China. I said I would write three volumes of autobiography, and I hope the fourth volume will be published in Mainland China. What I wrote in the first two or three volumes was all facts and my true feelings. Persecution and frustrations I suffered in the past are all my true personal experiences. Anyway, I cannot tell lies in my autobiography so these works of mine cannot be published under CPC rule and I must have them published abroad. But I hope to have more readers in Mainland China. Therefore, I plan to write the fourth volume of my autobiography in Mainland China. I am still holding to this wish.

[Ting] Well, Wang Ruowang hopes to fulfill his dream of publishing the fourth volume of his autobiography in mainland China. However, I think another dream of his can only be fulfilled abroad; am I right?

[Shen] After the 1989 democratic movement, Wang Ruowang was detained for 14 months. He was eventually allowed to leave the country last August. Having stayed abroad for a short spell of only three months, he decided to play an active role in the overseas democratic movement and to rally Chinese intellectuals in exile abroad to strive for the dream of democracy in China. He is to be nominated to run in an election next January for the post of chairman of the Great Alliance of Democracy for China, an associated organization of the democratic movement.

[Wang] There is hearsay outside that I am going to run in the election to chair the organization that is to be formed through the merger of the Federation of Democracy in China and the Chinese Alliance for Democracy. This organization is provisionally named the Great Alliance of Democracy for China. This name is still subject to approval after discussion meetings. For the moment, therefore, it is hard for me to give you any more concrete

information about this. Anyway, I have an aspiration; I hope those running the democratic movement abroad will brace themselves up again, improve their image, and rally the elite from among intellectuals abroad into a strong, progressive force to wage political struggle against the Beijing patriarchal rule dominated by the octogenarians.

[Ting] It is estimated that since the 4 June incident, there are about 150 democratic activists living in exile in the United States, Canada, and France, the three major Western countries that offer asylum. Even when counting those intellectuals who left China before the 4 June incident, the number of members of this group is not large. Even if this Great Alliance of Democracy for China as mentioned by Wang Ruowang is founded, how can it contend with the ruling party that monopolizes political life in China?

[Shen] Well, studies by some scholars have concluded that organizations running democratic movements abroad have the potential to emerge as another political party after the CPC, the Kuomintang, and the Democratic Progressive Party. However, the current situation shows that it is still too early for these contending forces to take shape. Anyway, Wang Ruowang believes that the most valuable experience for Chinese intellectuals in exile abroad lies in that they can take the opportunity to enrich their knowledge and make introspective and ideological explorations; although they cannot exert direct influence on political reform in China, they can still have an indirect influence.

[Wang] The flight of a large number of young students abroad after the 1989 democratic movement is a loss to China. But, generally speaking, this can also be viewed as a good thing since the stay abroad in exile provides them with more time and a better environment to ponder and sum up their experiences, improve themselves, and temper themselves. Take myself as an example, my staying abroad will increase my knowledge and confidence. Therefore, while acknowledging the loss, we should be aware that these intellectuals will still have a positive influence on Mainland China. Of course, it is not direct but, at least, it is indirect.

[Ting] Well, it seems impossible for the Chinese intelligentsia of the 20th century to part from political whirlpools. Intellectuals were involved in the 1911 Revolution, the May Fourth Movement, the Anti-Japanese War, and then a series of CPC-launched campaigns that frustrated intellectuals. Wang Ruowang, as a Chinese intellectual, wrote in the preface to his autobiography that his joys and miseries are not only his personal experience but are closely related to the CPC's history over more than half a century and also the fate of the motherland. Apart from Wang Ruowang, I believe other Chinese intellectuals should have the same feeling, should they not?

[Shen] Oh yes, especially those living in exile abroad. For those Chinese intellectuals who are concerned about

affairs of state before others and are willing to enjoy comfort after others, it is quite natural that they nurse a tragic complex.

[Wang] Nowadays we hear this term—exile—being linked with this country and we see this phenomenon occurring in this country, implying that this country is either under military rule, Fascist rule, or a dictatorship; anyway, it is not democratic. In contrast, we have not heard mention of the term dissidents in the democratic countries. Dissidents are also an exclusive product of autocratic states or, if you like, part of the Chinese characteristics. Therefore, we say this is not a tragedy of individuals but a national and historical tragedy.

[Ting] Su Wei, a young Chinese intellectual who is a researcher in literature, said in an interview that his personal feeling about life in exile is that he, as a member of the Chinese intelligentsia in the late 20th century, seems to be a successor for Kang Youwei, Liang Qichao, and other Chinese intellectuals in the late 19th century, or, more pessimistically speaking, they may eventually be forgotten, like their East European counterparts.

[Shen] But, today most East European countries have become democratic and intellectuals in exile are allowed to return home. Many sinologists believe that China's democratization is just around the corner and the great international trend will be irreversible. Although living abroad in exile is a painful experience, many scholars and intellectuals believe, as Wang Ruowang does, that as the pace of economic reform is being speeded up in China, a reform of the political structure will come next, and the forces abroad will have an enormous influence on this type of reform. Here Wang Ruowang is showing us some evidence he found from the history of China since the Opium War in the last century.

[Wang] Reviewing the history of nearly 100 years, or more than 100 years, since the Opium War, we can see that the motivating forces for the several revolutions that pushed ahead historical development in our country were largely derived from overseas influences. Examples are the cases of Hong Xiuquan, Sun Yat-sen, the 1911 Revolution, and the May Fourth Movement. In this last case, the concepts of science and democracy were taken up, were they not? Both Mr. Democracy and Mr. Science are foreign products, products from the West, and both of them spread from south to north. Now, as the 20th century closes, we again see the spread from south to north of foreign forces, including economic forces and political models. This can be regarded as another Northern Expedition.

[Ting] Well, we are all quite familiar with the political ideals of Wang Ruowang and other Chinese intellectuals. But how do they view the very promising economic situation in China at present?

[Shen] Since Wang Ruowang is from Shanghai, a prosperous metropolis, his feeling must be very profound. Are the Chinese really very rich? What is behind the economic prosperity of China? And what attitude should

be adopted by Hong Kong businessmen who are doing business in Mainland China? Wang Ruowang has the following opinions.

[Wang] It is said that people have all become rich. If one visits China to take a look on one's own, one will find that this is not 100 percent true. It is true that a very few people have become rich but, at the same time, many more people are still in difficulties. For example, workers in large and medium enterprises are in a state of unemployment or semi-unemployment. Retired workers are receiving less and less in pensions, not enough to sustain their families. Such a phenomenon does exist, especially in border and remote areas. Therefore, the phenomenon of being rich or of high consumption among people is real to only a small number of people. This is the first point. Second, it is a superficial and false prosperity. Finally, I would like to give Hong Kong businessmen some advice. Many people who are doing business with Mainland China are always afraid that the CPC will do something against them. So, for the sake of peace and prosperity for the present, they are trying not to offend the CPC. In fact, they are well aware of the true situation and they know about the CPC's tricks. However, in order to retain their established interests, they incline toward supporting the CPC. There are many examples of this type in Hong Kong. To be sure, I would say that this shortsighted attitude can help protect their interests, or may even bring them some advantages offered by the Communists. However, they are actually trying to save a little only to lose a lot. Without an environment of democratic politics—which we call the environment for economic development—without this environment of democratic politics, your economic calculations and plans to reap a fortune will be hindered. They may even suddenly turn hostile and reverse their policies at any time. Should this happen, it would be too late for regrets.

[Ting] It appears that Wang Ruowang is not only concerned for China but is also very concerned about Hong Kong people. We are interested in finding out how he views the tide of remarks and statements that the Chinese Government recently launched in Hong Kong.

[Shen] This is the first time Wang Ruowang has set foot in Hong Kong. He may be unfamiliar with the environment in Hong Kong but he is by no means unfamiliar with the Chinese Government's way of molding public opinion and its political stratagems. So, before he wound up his visit to Hong Kong, he shared with us his views on how Hong Kong people should be dealing with the current predicament. The following is the advice he offered us upon his departure:

[Wang] Hong Kong people are now in a very awkward position. If you follow Governor Chris Patten's arrangements, the CPC will stick labels on you and make you pay for it some day. If you obey the CPC, you will downgrade your personality, lower your self-confidence, and impair your minimum freedoms. What is more, if you welcome those people into Hong Kong now, they may show you a friendly smile for a while but they can

suddenly turn very hostile toward you at any time. Will it be agreeable if such people ride roughshod over us? The more tolerant we are, the more arrogant they will be. Everyone who has ever lived in Mainland China has experienced their tricks. They may flatter some people, giving banquets and taking this group of people around in limousines, just because these people obey and serve them. These people may be offered the title of member of the Chinese People's Political Consultative Conference Committee or other posts. They may resort to whatever means. In fact, these people will be truly stupid to accept such favors. As soon as they have the CPC's trust, their standing will depreciate among the people. Therefore, for the moment, the only thing you should do is unite with each other. You cannot completely count on the governor of Hong Kong. Now that he has put forward a proposal for democracy in Hong Kong, we can support it. We just support him on this point. We just support what is good to us. We need not care about whether he has a big or small nose. Every one of us should use our own brains. Hong Kong people displayed the force of the people with one heart and one mind during the 4 June incident. This is the most decisive popular will, before which any powerful ruler will retreat. Therefore, the power to make decisions rests with the people themselves. I myself have suffered under CPC rule and I would like to share my personal experiences with all of you.

Editorial Examines Role of Democratic Parties

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[Editorial: "Jointly Pioneer a Great Cause Through Unity and Cooperation—Congratulating the Successful Conclusion of the National Congresses of All Democratic Parties"]

[Text] Recently, the national congresses of our country's eight democratic parties successfully concluded after completing their tasks. Guided by Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics, the different democratic parties formulated work guidelines and tasks that are suitable to the demands of accelerating reform and opening up and of the new situation in socialist modernization and construction in conjunction with implementation of the spirit of the 14th party congress; smoothly carried out the turnover of power and further realized the cooperation between old and new and the transition from old to new in leading organs; and adopted their own new regulations and charters. An atmosphere of unity, democracy, enthusiasm, and pragmatism permeated the various national congresses from start to finish. The different democratic parties bolstered their own organizations and enhanced the mechanism for political participation and discussion. This will definitely provide a powerful boost to efforts to uphold and perfect more satisfactorily the system of multiparty cooperation and political consultation under the CPC's leadership, and will mobilize the countless members of the democratic

parties and the people under their fold into displaying their initiatives and creativeness and exerting joint efforts in the glorious cause of building socialism with Chinese characteristics. The triumphant success of the national congresses of the various democratic parties is not only a big event for the democratic parties, but also a major event in the political life of our country. We hereby extend our warm congratulations!

The system of multiparty cooperation and political consultation under the CPC's leadership is the fundamental political system in our country. It was determined by concrete historical conditions as well as the realistic conditions of our country. It is a unique feature and a strong point in our country's political system, and it is an important feature in the endeavor to build socialism with Chinese characteristics. The unity and cooperation between the CPC and the various democratic parties and their struggles side by side led to realization of the objective of establishing the PRC. Throughout the 40 years since the founding of the PRC and along the path of building socialism, the CPC and the various democratic parties again scored a great victory by standing together through thick and thin. Since the 11th CPC Central Committee's Third Plenary Session, with Comrade Deng Xiaoping creatively presenting the theories, guidelines, and policies on the united front in the new period, the system of multiparty cooperation and political consultation under the CPC's leadership underwent a very large development through practical undertakings. The various democratic parties have each become political alliances made up of a number of socialist workers and a number of patriots who support socialism under their respective folds, and they constitute a political force that serves socialist modernization and construction under the CPC's leadership; the status of the democratic parties as active political parties is established, while the CPC's basic line of "one center, two basic points" is the political foundation for multiparty cooperation; and the democratic parties have shifted the focus of work into service for socialist modernization and construction and have made remarkable contributions to the reform and opening up as well as modernization of our country. Along with the continuing development and perfection of the system of multiparty cooperation in our country, the ideological and organization buildings of the democratic parties have been further strengthened and their work greatly boosted, enabling them to play an important role in the political life of the state, while the unity and cooperation between the CPC and the various democratic parties has also been tightened. Experience has shown that the democratic parties form an important supporting force to socialist modernization and construction, while the multiparty cooperation led by the CPC is a big advantage in our politics. We should further enhance this advantage in order to achieve a new and bigger victory.

The 14th CPC National Congress held not long ago sounded out the bugle call for the advance into the new century by comprehensively summing up the practical

experience from 14 years of reform and opening up, systematically expounding on the theory of Comrade Deng Xiaoping on the building of socialism with Chinese characteristics, defining the strategic objectives for the economic and social development of our country, and mapping out the tasks of the future. The tasks spelled out at the 14th party congress are very glorious and difficult. Only by uniting all the forces that can be united, mobilizing all positive factors, and turning negative factors into positive factors is it possible to complete the great mission entrusted on us by history.

Comrade Deng Xiaoping's theory on building socialism with Chinese characteristics is the latest outcome of the effort to integrate Marxism with the practical realities of China. It is the Marxism of contemporary China, and the powerful ideological weapon which will guide us in completing our new historic tasks. Earnestly studying and mastering this theory will ensure a correct political direction and the achievement of a high degree of ideological unity. This is also an important ideological guarantee for stronger unity and cooperation between the CPC and the various democratic parties under the new period in order to contribute to socialist modernization and construction. This theme was highlighted at the national congresses of all democratic parties and was established as the guiding ideology and theoretical foundation of all undertakings. All members were called on to foster the fine tradition of self-education and to learn well and apply well this theory. We believe that through this kind of study and propaganda, abundant ideological results and new work achievements will definitely be attained.

Unity is power. Unity brings cohesiveness, fighting power, and new productive forces. Only with unity can there be stability; only with unity can we engage in construction wholeheartedly; only with unity can we advance the great cause of unifying the motherland; only with unity can our nation stand proudly among the nations of the world. The different democratic parties have their respective fields of specialization as well as their own extensive social contacts and social influences, hence they can do a lot to promote the broad unity of people from all walks of life. We should do a good job in promoting unity between the CPC and the various democratic parties, unity among the various democratic parties, and unity within the various democratic parties, and use these as the basis to motivate more people into fighting together with one heart and one mind.

We sincerely hope and are fully confident that in the process of implementing the spirit of their respective national congresses, the various democratic parties will foster their fine traditions; continue to bolster their own organizations; give full play to their strengths in terms of talents, intellectual skills, and domestic and overseas contacts; insist on seeking truth from facts; emphasize investigations and studies; carry out more effectively the functions involving political participation and discussion, as well as democratic supervision; implement the central task of economic construction; continue to open

up new roads; and display a greater role and make new contributions to speed up the pace of reform, opening up, and modernization construction; obtain an even greater victory for the cause of socialism with Chinese characteristics; and realize the great cause of peacefully unifying the motherland!

Upholding and perfecting the system of multiparty cooperation and political consultation under the leadership of the CPC is in line with the demands of building socialist democratic politics with Chinese characteristics. All Communist Party members, especially leading cadres at all levels, should endeavor to defend this system and actively do a good job in practical undertakings. The Communist Party's leadership should be upheld in China, and to uphold this leadership, it is necessary to improve leadership, including cooperation with the various democratic parties, and give full play to the roles of the democratic parties. It is hoped that the party's leading cadres at all levels will attach great importance to the united front work, voluntarily bolster study and propaganda of theories and policies related to the system of multiparty cooperation and political consultation under the leadership of the CPC, fully understand the importance of multiparty cooperation and political consultation, listen extensively to the views of people outside the parties in actual work, sincerely accept supervision, promote the close ties established between our party and the various democratic parties through years of revolution and construction, and consolidate the alliance between our Party and the people outside the party.

At present, we are advancing with full confidence and enthusiasm in the direction pointed out by the 14th party congress. Let us unite even more closely and throw ourselves actively into the great undertaking of reform, opening up, and modernization endeavor with a high sense of historical responsibility and a pressing sense of the times, jointly compose a new chapter to the endeavor to build socialism with Chinese characteristics, and pioneer a great new cause!

Pen Talk on Future of China's Socialism

Part I

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[“Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory of Building Socialism With Chinese Characteristics” by Zheng Bijian (6774 1801 1017); “The 14th CPC National Congress and the Future of Socialism in China”—first installment]

[Text] I. On Historical Position and the Great Significance of the 14th Party Congress

1. The significance of the 14th party congress is multi-faceted. The fundamental side, in my opinion, is that it is the first national congress (the highest party organ of

power) presided over by the third generation of collective party leadership at the critical juncture of China's development and under the volatile and complicated international situation. The national congress further held high Comrade Deng Xiaoping's great theoretical banner of building Chinese-style socialism, which scientifically and confidently illuminated the future and destiny of China's socialism from the 1990's to the early 2000's.

The red banner of socialism stands firm in this large country of ours, which has a population of 1.1 billion. We should hold higher this banner as this is a great event of world historical significance.

2. General Secretary Jiang Zemin sharply pointed out the question of China's socialist destiny in his report to the 14th party congress. He said: "The CPC has always insisted on independently carrying out revolution and construction, believing that the destiny of China's socialism is determined, in the final analysis, by ourselves, by the party's theory and line, and by the solidarity and struggle of the party and the people." He clearly pointed out the two conditions determining the destiny of China's socialism: First, "the party's theory and line," and second, "solidarity and struggle of the party and people." We say that the 14th party congress has been a success because of its great historical significance made in these two aspects.

All contents of the 14th party congress should be summed up in this way and the fundamental significance of the 14th party congress should be understood in this way.

3. We have soberly realized: There are various comments on the destiny of socialism in the world as well as in China today. This is inevitable and not strange at all when the Soviet Union has disintegrated and drastic changes have taken place in East Europe. It would be strange if there were no comments at all. Are not there politicians abroad who have asserted that socialism will completely and thoroughly die out and there is no exception to China? However, this is only one side of the story. On the other side, the volume of the clear voice has gradually become higher along with China's progress, the turbulent situation in the former Soviet Union and East Europe, and the difficult situation in the capitalist countries. This state of affairs developed prior to the convocation of the 14th party congress and mainly since the talks made by Comrade Deng Xiaoping during his southern trip. Following the 14th party congress, further changes have taken place in foreign media.

Some influential newspapers and periodicals commented that the 14th CPC Congress is the most important congress of the communists since the disintegration of the Soviet Union. With the 14th party congress as the window, the world is now closely watching the direction taken by China, which has a population of 1.1 billion. A major newspaper said: It is time for the West to look clearly at China. Despite the downfall of the communist

parties in many parts of the world, the CPC stands firm with vigor and vitality. China has never been so powerful since the 18th century. Another newspaper pointed out: When the West was elated by the collapse of the Soviet and East European communist parties as a global phenomenon, China tried to unwittingly catch up with the West. One newspaper even said: Deng Xiaoping's theory has opened up the one and only correct road for China to develop socialism.

Some foreign figures, who came to China to make on-the-spot observations, compared China's circumstances with other countries and contemplated profoundly. During the conversation with the persons in charge of China's large enterprises, a noted historian who was on a tour of China, said: People used their might to push the big wall (Great Wall) in China, but they could not push it down. However, some walls, which were undermined internally long ago, easily collapsed with a touch. If a country, whose economy is uneven and overcentralized, attempts to do its utmost to compete with the United States in the arms race rather than handle its own affairs well, like that in China, even though the country is big and has great economic potential, the people will not gain any practical benefit and will voice their discontent. In my opinion, he said, Deng Xiaoping is the most intelligent leader in the world.

In short, viewed from foreign media, it is true that the 14th party congress has exerted a great positive influence.

4. No matter what others say, we will take our own road. At the 14th party congress, many comrades compared this congress with the seventh party congress. Indeed, they have keen insight. Undoubtedly, the historical conditions of the two congresses are different. But there is one thing in common: Based on the Zunyi Conference and Yanan rectification, the seventh party congress established Mao Zedong Thought's guiding position in the whole party. Based on Third Plenary Session of the 11th CPC Central Committee, the 12th party congress, the 13th party congress, and the 14th party congress further established the guiding position of Comrade Deng Xiaoping's theory on building Chinese-style socialism in the whole party and country. These two are events of primary importance related to China's destiny. We still remember that the topic of Comrade Mao Zedong's opening address to the seventh party congress was "China's Two Possible Destinies." He said: "China can have one of the two destinies. Someone wrote a book about one of them; our congress represents China's other destiny and we, too, shall write a book about it." The seventh party congress wrote a book. As the seventh party congress established the guiding position of Mao Zedong Thought in the whole party, China was genuinely led to the light and China's destiny in the middle of this century was settled. The current 14th party congress also wrote a book. The book of the current congress acknowledged that Comrade Deng Xiaoping's theory of building Chinese-style socialism is "contemporary Marxism in China," and the basic theory of our party should be used

to arm the whole party. We should rely on the spirit of the 14th party congress; the line, principles, and policies since the Third Plenary Session of the 11th CPC Central Committee; and Comrade Deng Xiaoping's theory of building Chinese-style socialism to resolve the future and destiny of China's socialism in the 1990's and early 21st century.

II. Ideological Preparation and Background of the 14th Party Congress

5. To explain the basic train of thought of the 14th party congress, it is necessary to say from a wider perspective that the 14th party congress was held under a given background.

For example, we are now in a big transition period characterized by a drastic change in the world situation. The disintegration of the Soviet Union has broken through polarization and the situation has changed greatly. Although the world is not yet tranquil, hegemony and power politics still prevail, and there are various unpredictable factors, peace and development are still the main topics in the contemporary world, the trend of multipolarization is irresistible, and the comprehensive national strength based on economy, science, and technology will determine everything. In around half a century since the end of World War II, no new world war has broken out. However, the rivalry for getting an upper hand in comprehensive national strength, which can also be called a "big war" of another form, has started. The 1990's are the years for inheriting the past and ushering in the future, and the crucial years for all countries to make preparations for a match of comprehensive national strength in the next century. Hence, from the 1990's to the early period of the next century, China will be in a new world environment where there are both challenges and opportunities, both challenges and opportunities are significant, and opportunities outstrip challenges. This is the first aspect.

6. For example, we are now in an environment where Asia, particularly East Asia, has entered a period of relative political stability and sustained economic development, which will probably become the most prosperous region in the world. China has continuously improved its ties with the neighboring countries. This is the first time in the past 40 years that China is not in a state of serious confrontation with any of its neighbors. This has enabled China to be in a new favorable environment, which includes challenge and opportunity, from the 1990's to the early period of the next century. This is the second aspect.

7. Now turn to the third aspect, which is the most important one: Thanks to efforts made over the past 14 years since the Third Plenary Session of the 11th CPC Central Committee, we have scored world-acknowledged achievements in reform, opening up, and modernization. We are now facing a great possibility of a new development. China's position has risen remarkably,

taking the lead in the world in terms of national economic growth, comprehensive economic strength, and output of major industrial and agriculture products. From 1979 to 1991, China's GNP rose at an annual rate of 8.6 percent, the second in the world; industry rose 12.2 percent, around 10 percent higher than the world's average; agriculture rose 5.9 percent, around 4 percent higher than the world's average; and per capita income rose 7.5 percent, 6 percent higher than the world's average. In a short period of 13 years, China's per capita GNP doubled (an increase of 140 percent) while the United States used 40 years and Britain, 60 years to double their per capita GNP in their initial economic development period. Naturally, China is still far from getting rid of its backward economy, technology, and living standards. Nevertheless, there is one thing which is beyond doubt: We have scored real and generally acknowledged tremendous achievements. With the storage of such great force and national strength, it is possible to further forge ahead. The question is whether we can seize, dare to seize, and are good at properly seizing the opportunity.

In consideration of the fact that the cause of reform, opening up, and the modernization initiated by the party's collective leadership of the second generation is to be undertaken by the leadership of the third generation, particularly in consideration of the impact of the disintegration of the Soviet Union and drastic changes in Eastern Europe on socialism, this historical period seems to be more significant.

8. It is against such a given background and facing the 1990's and the 21st century that China's socialist development and direction and firm advance along the line since the Third Plenary Session of the 11th CPC Central Committee has become an extremely important topic.

In his talks during the southern tour in February of this year, Comrade Deng Xiaoping emphatically pointed out this question and gave a clear-cut, profound, and forceful answer from a high plane of strategy, theory, and history.

The enlarged session of the Political Bureau of the CPC Central Committee held in March this year set Deng's talks as the fundamental guiding principle for convoking the 14th party congress.

9. Comrade Deng Xiaoping's southern talks directly offered ideological and theoretical preparations for the convocation of the 14th party congress. How were the preparations made?

In my opinion, the following eight points are most important:

First, as the current domestic conditions are ripe and the international environment is to our advantage, it is necessary to seize the opportunity, accelerate the pace of reform, opening up, and modernization, strive to scale a new height at an interval of a few years, and never let the opportunity slip. Development is the hard truth. In this way, all our thinking and work are concentrated in a

clear strategic direction: Greet the competition and challenge of worldwide comprehensive national strength in the 1990's and the 21st century.

Second, reform should fundamentally transform the economic structure which hinders the development of productive forces. Like revolution, which also constitutes an emancipation of productive forces, the "three beneficial's" [beneficial to promoting the productive forces, beneficial to reinforcing the comprehensive national strength of the socialist country, and beneficial to enhancing the living standards of the people] are the fundamental standards for judging right from wrong. Reform and opening up are socialist in nature and not capitalism. It is necessary to be alert on rightist tendencies but mainly guard against "leftist" tendencies. Fundamentally removing the ideological and theoretical obstacles, it is a new declaration for emancipation of the mind.

Third, it states that a bit more planning or market is not the essential difference between socialism and capitalism. A planned economy is not tantamount to socialism and a market economy is not tantamount to capitalism. It is necessary to boldly assimilate and draw on the advanced operation means and management methods of all countries, including the developed capitalist countries, which reflect the laws governing modern and socialized production. This has illuminated the direction for deepening economic structural reform and for operation of the market economy.

Fourth, it points out that the essence of socialism is to emancipate the productive forces, develop productive forces, abolish exploitation, eliminate polarization, and ultimately attain common prosperity. Meanwhile, as China is still at the initial socialist stage, we can only attain our objective step by step through the long-term efforts of generations of people. In this way, the lofty ideals are combined gradually with reality and a clear line of demarcation is drawn with all subjective fantasy.

Fifth, to build Chinese-style socialism, it is necessary to be tough in two kinds of work and to develop both spiritual and material civilization. In the entire course of reform and opening up, it is necessary to uphold the four cardinal principles and oppose bourgeois liberalization and corruption. If it spreads unchecked, bourgeois liberalization will lead to grave consequences. We have worked hard for decades to build the special zone to its present shape, if we fail to pay close attention to the matter, it may collapse overnight. For this reason, if we fail to pay due attention after discovering any symptoms, we may be in trouble. These remarks, which carry a lot of weight, offer a firm political guarantee for the normal development of the entire cause of reform and construction.

Sixth, it stresses that the basic line of "one center, two basic points" must hold sway for one hundred years, and no vacillation is allowed. Only when you uphold this line will the people trust and support you. Whoever changes

this line against the people's will, which has been carried out since the Third Plenary Session of the 11th CPC Central Committee, will be overthrown. Through upholding this political line we will be able to set the hearts and minds of all members of the party, Army, and people at ease, and leave the country in good order.

Seventh, it points out that the root cause for anything wrong in China must reside within the party. The key to doing things in China successfully and ensuring prolonged political stability lies, in a sense, in man; namely, in whether the party can pick out cadres, especially young cadres, who possess both political integrity and professional competence in accordance with "the four requirements" for cadres, and promote them to leadership positions. This represents a task which requires us to follow a correct organizational line in order to carry out the correct political line.

Eighth, it points out that neither of the two major problems—peace and development—facing the modern world, has been solved. Socialist China, which opposes hegemony and power politics, is an unflinching force for preserving world peace. It repudiates those views claiming Marxism has been defeated. It tells us that people favoring Marxism will grow in number in the world, that the ups and downs in the international situation serve to train the people, and that socialism will develop along a healthy path. Comrade Deng Xiaoping did not say much in this respect but he, standing at the high level of world history, helped us broaden our horizons, dispelled the dense fog misleading people, and encouraged the whole party membership and the people of the whole country to reinforce their faith in socialism.

Then, do the above important viewpoints also touch upon the lessons which should be drawn from serious setbacks suffered by the international socialist movement? I should like to quote a passage of the remarks Comrade Deng Xiaoping made during his south China trip as follows: "Without upholding socialism, without carrying out reform and opening policies, without developing the economy, and without improving the people's living standards, we will inevitably meet our doom." You see, four "without's" lead to doom! Is such a concise, simple, and aphoristic-like language not the most pertinent analysis of the rise and fall of the modern socialist movement?

The report to the 14th CPC National Congress was based on the above important viewpoints, so it proved very successful.

10. Of course, a series of measures taken by the CPC Central Committee and the State Council after Comrade Deng Xiaoping made speeches during his south China tour were also indispensable to the successful convocation of the 14th CPC National Congress. In his important speech delivered at the Central Party School, General Secretary Jiang Zemin properly expounded and expressed the spirit of Comrade Deng Xiaoping's speeches made in south China. To carry out the

speeches, important arrangements were made for the economic, procuratorial, and judicial work, party building, and ideological work. The whole party membership further emancipated their minds and displayed greater enthusiasm for reform and opening up. If things further back were taken into account, we can see that the enormous achievements scored following the Third Plenary Session of the 11th CPC Central Committee, as well as the important part played by the correct principles and political lines laid down by the 12th and 13th CPC National Congresses, laid a solid foundation for the successful convocation of the 14th CPC National Congress. In particular, the five years following the 13th CPC National Congress should not be forgotten, because they were not ordinary years. During this period, the party and government quelled the political turmoil in a decisive manner, the economic improvement and rectification drive alleviated a number of pressing economic difficulties, and the political stability and unity was consolidated and developed. Therefore, the successful convocation of the 14th CPC National Congress was also the result of hard work by the whole party, the whole Army, and the people of all nationalities across the country over the previous 14 years, while the successful convocation of the 14th CPC National Congress will, in turn, lead the whole party, the whole Army, and the people of all nationalities across the country to advance onward.

III. On the Strategy To Accelerate Development Laid Down by the 14th CPC National Congress

11. The 10 major tasks for reform and development for the 1990's set by the report to the 14th CPC National Congress served the purpose of the basic line, stressing the "central task of economic activity and adherence to two basic points." In setting the tasks, the report systematically arranged matters that would affect overall interests and defined principles in an all-around way, so the report provided basic guidelines for our party's work in the 1990's. The basic objective is to liberate and develop productive forces, the basic step is to expedite reform and opening, and the key link is to set up and develop a new system of socialist market economy.

The most outstanding new tasks are: first, quickening the pace of development, and second, developing a market economy.

12. Comrade Deng Xiaoping advanced the task of accelerating development as a major strategic principle. How should we understand this strategy? In my opinion, it means the pace of development should be quickened, the level of standard for modernization raised, and the economy lifted level by level.

As regards speed, the annual growth rate for the 1990's should reach 8 to 9 percent as predicted by the report to the 14th CPC National Congress. From a long-term point of view, if we take 100 years, including the 43 years following the founding of our People's Republic, to reach

the level which developed countries took 300 years to reach, that is what we mean by accelerated development.

Raising the level of the standard for modernization is a matter of course in stepping up development, and a matter of extreme importance as well. While talking about speeding up development when he toured south China, Comrade Deng Xiaoping stressed the need to accelerate development "when conditions permit" (that is, necessary conditions should not be ignored in accelerating development), stressed "the need to pay attention to efficiency and quality and the need to develop an export-led economy" (that is, we should not ignore efficiency and quality and refuse to enter markets abroad), stressed the need to develop overall national strength, and emphatically reiterated that science and technology are part of the primary productive forces. If we forget all these, persisting in putting undue emphasis on output value and in constructing redundant projects, we will deviate from the principles of proceeding from actual conditions and market needs, which Comrade Deng Xiaoping repeatedly exhorted us to follow. Even if a unit increases its total output fairly rapidly in a certain period, it cannot be regarded as really displaying the spirit of "accelerating development."

In my view, there is a basic problem, namely, the problem concerning "modernization," of which we should arrive at a better understanding. Surely our "modernization" must bear Chinese characteristics and suit China's actual conditions, but the standard for the modernization cannot be a static one nor one existing isolatedly in one country. The standard must be closely related with the modern civilization the world over and must stand and develop in contrast to the civilization created by various countries, especially developed countries in the world. The "modernization" we are trying to achieve is not "modernization" of the 18th or 19th century, nor "modernization" of the first half of the 20th century, but "modernization" of the last 20 years of the 20th century and of the first half of the 21st century. Against such a big background of the times, we will inevitably face twofold historical challenges: First, the challenge from the Industrial Revolution featuring the large-scale machine industry and electrification completed by capitalists in the two hundred years from the mid-1700's to the mid-1900's; second, the challenge from the new technological revolution featuring information technology, new materials, new energy resources, and biological engineering which was started by capitalist countries in 1970's, and is now on the rise. This means we must not only work very hard to reduce or eliminate the gap created over the last two to three centuries, or at least one century, and achieve industrialization in the next 60 years, but also try our best to join in the new technological revolution and march toward the new modernization level of the mid-2000's.

Lifting our economy to a new level in every few years, or in other words, lifting our economy level by level is an important generalization of the laws governing modernization as a whole. Only when we have adopted the idea

of climbing level by level can we seek truth from facts and gain the initiative of high-speed development and timely adjustment.

By combining the three implications, it is clear that the "accelerated development" referred to by Comrade Deng Xiaoping in his speeches made during his south China tour does not simply mean accelerating economic development in particular years, but means we should, in the end, accomplish the magnificent two-in-one task; namely, industrialization plus modernization (new technological revolution), in a long process, which will comprise several phases in which we will proceed at a greater pace and achieve better efficiency in accordance with the requirements for quality and efficiency and with market needs.

So stepping up development is a major strategy for a long period. The speed for a particular period of time should be decided upon according to concrete conditions in work. After the 14th CPC National Congress, the party Central Committee and the State Council soberly pointed out a series of existing major and pressing economic problems, including duplication of development projects and possible inflation. We should properly address these problems and must not be misled by the good overall momentum of economic development and lower our guard.

IV. On the New System of Socialist Market Economy Decided On by the 14th CPC National Congress

13. Why is socialist market economy regarded as the key link? How should we understand its significance?

This is a theoretical problem and also a practical problem, but first of all, a practical problem. Let us have a brief look at history. For a long time we have developed an inaccurate or muddled idea of socialism in one way or another. What affected us most profoundly were: First, the idea that after the socialist reform of ownership of the means of production was basically accomplished, class struggle should be continuously regarded as the key link; and second, the idea that the commodity economy or the market economy must be rejected or restricted, because they were equal to capitalism. Some people who had the latter idea, in particular, seemed to have found grounds of argument from Marx's and Engels' classic works on abolishing the commodity and currency in a socialist country. In fact, based on their scientific analysis of the inherent basic contradictions of capitalism, Marx and Engels pointed out that communism would inevitably replace capitalism. Only this can be regarded as an irrefutable scientific truth. The role of commodity, currency, and law of value under the new social conditions are determined by the concrete economic and social conditions under which the victory of socialist revolution is achieved, and by the concrete practice of building socialism. For historical reasons, Marx and Engels did not take part in building socialism. In his "The State and Revolution" or at the eighth national congress of the Russian Communist Party, Lenin made it

clear that the commodity and currency would be abolished. But he quickly realized that this would not do. Lenin was a practical person (as praised by Comrade Mao Zedong while studying the Soviet Union's textbooks on political economy from 1959 to 1960), so he then recognized the commodity and currency and restored markets, changing his idea. This was the problem he solved when he was alive, and the measures he took were known as New Economic Policy. The policy suffered setbacks in the Soviet Union. Stalin gave up the policy after carrying it out for a certain period. He then formed a new economic formula afterward. This formula scored great success in the initial period of industrialization of the Soviet Union and in national defense construction, but later it increasingly failed to meet the needs of intensive economic development in peace times. In his remaining years, Stalin realized that many problems concerning commodity production and the law of value remained unsettled. In his book "Problems Concerning the Soviet Union's Socialist Economy," Stalin recognized that commodity exchange was necessary between the economic sector, under ownership by the whole people, and the economic sector, under collective ownership, as well as among economic sectors under collective ownership. He also recognized that means of consumption were commodities, but insisted that means of production are not commodities. It is clear now that if means of production cannot be exchanged in the market, there will be no adequate vitality for rapidly expanding production. If we try to support expanded production by issuing administrative orders, providing enormous state subsidies, and introducing preferential policies, the interests of certain sectors will certainly be sacrificed. Again, how can means of production and means of consumption, two things which are related to each other, be separated artificially? If means of consumption are allowed to enter the market while means of production are not, enterprises producing consumer goods can only work to fulfill planned targets instead of really and directly serving market needs. This inevitably leads to a lack of competition, necessary flexibility, and to the "shortage economy." While there is a shortage of many products, many other products are kept long in stock. "The state commercial agencies are held responsible for purchasing and marketing the stockpiled goods," but the goods finally find their way to warehouses. Outwardly, the enterprises fulfill or even overfulfill the production targets! Consequently, enterprises separate themselves from the market and become appendages of administrative organs, banks become cashiers of financial departments, currency merely a means of calculation, and prices symbols which have nothing to do with value. Under such a system, the economy lacks vitality, the people's demands cannot be satisfied, and how can the party and the government establish a good relationship with the people? Facts have proven that the ossified economic formula failed.

14. The practice after the Third Plenary Session of the 11th CPC Central Committee provided us with new experience in another respect. Our reforms first made a

breakthrough in the countryside. As a result, 900 million rural residents enjoyed relatively sufficient autonomy and became, on an increasingly big scale, commodity producers and dealers responsible for their own profits and losses. This provided the most important prerequisite conditions for developing a commodity economy or a market economy in China. Since then, the extensive rural areas have changed from being sealed off into becoming open, and from only growing grain into engaging in multipurpose economic undertakings and developing various trades. The self sufficient or semiself-sufficient economy has changed into the socialist commodity economy. As China is a vast country with an immense population and the development remains uneven, the historic change varies from area to area and field to field to a great extent. This change, however, has become an irreversible tide. The "agricultural secretaries" and "grain county magistrates" in the past have now engaged in developing a socialist commodity economy or market economy.

The merit of the contract responsibility system on a household basis with remuneration linked to output lies, first of all, in the fact that it rapidly solved the food and clothing problems which had remained unsolved for a long time. If we only mention this in favor of the system, it is greatly unfair. What is of far-reaching importance is that a breach was made in the ossified economic formula, from where we made a decisive step toward the commodity economy, namely, the market economy. This made a deep impression on cadres and the masses of those areas where reforms proceeded rapidly. They said: The land reform brought about the first large-scale liberation of productive forces, the introduction of the contract responsibility system on a household basis with remuneration linked to output brought about the second large-scale liberation of productive forces, and the lifting of restrictions on prices and markets the third large-scale liberation of productive forces.

Again, the township and town enterprises grew out of the enterprises run by communes or production brigades in rural areas. While some commune- or production brigade-run enterprises were run well, many others were self-enclosed, stagnant, and lifeless under the original system. Since the contract responsibility system on a household basis with remuneration linked to output was introduced, these enterprises have gradually separated themselves from agriculture and joined in the competition of the market. Nationally, most of the agricultural products are still consumed by peasants themselves, but almost all the products of township and town enterprises are produced according to market needs. Township and town enterprises were set up by peasants by raising funds among themselves and borrowing money, without investment by the state, so they are not hedged in with rules and regulations.

Since they were born, township and town enterprises have joined in competition in the market and sought subsistence and development through competition. Their vitality lies in their difficulties. Though some

township and town enterprises are having problems such as duplication of development projects, environmental pollution, low technological level, and unsatisfactory managerial skills, on the whole they are full of vitality, adequately showing the dynamism of the market economy.

Township and town enterprises have absorbed a large amount of surplus labor in rural areas; increased peasants' income by a big margin; broken barriers between regions and departments; promoted the flow of human resources, material resources, and information; and greatly expanded the capacity of the domestic market. They obtain vitality from competition in the market and then inject the new vitality and industrial civilization into agriculture, which gave birth to them. That is what we mean by "making up for shortages of agricultural production with industrial production" and "building up agriculture through developing the industry." Township and town enterprises have not only changed the setup of production in rural areas, promoted development of the industry in urban areas, and of the national economy as a whole, but also aroused many little towns to life, alleviated increased population pressure in large and medium cities, and narrowed the difference between town and country to a certain degree, and explored a new formula for industrialization with Chinese characteristics. There were 2,874 organic towns in China in 1980, and the number increased to 12,152 in late 1991, 4.2 times that of 1980.

15. In urban and rural areas, individual economy has developed on a wide scale, a considerable number of private enterprises have been set up, and foreign-funded enterprises in various forms have developed. All these economic forms, as a supplement to the socialist public economy, have been playing an important role in enlivening and developing the economy on the whole. The vitality of these economic forms is related to the market economy. In addition, special economic zones in coastal areas made it clear when they were set up that "market regulation will serve as a dominant factor." (to be continued)

Part II

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12 Dec 92 p 5

[“Pen Talk on Arming the Whole Party With Comrade Deng Xiaoping's Theory on Building Socialism With Chinese Characteristics” by Zheng Bijian (6774 1801 1017); “The 14th CPC National Congress and the Future of Socialism in China”—second and last installment]

[Text] Regarding large and medium state enterprises, they are the mainstay of China's socialist economy. There are many reasons why certain enterprises have reaped good results in reform—perhaps the crucial one is their “market orientation”; that is, they are geared to the

needs of the market to a considerable extent and have exercised the market role. It is unnecessary to go into details here.

16. In short, history in this stage compelled many of our concepts to undergo profound changes. Concepts such as "the socialist economy can only be planned economy," "the indication of planned economy is mandatory planning," "the mandatory planning is the important embodiment of socialist ownership by the whole people," and so on, which were regarded in the past as right and proper formulas, have failed to convince people completely. From this situation came the decision on economic structural reform made at the Third Plenary Session of the 12th CPC Central Committee in 1984. This historic document made a major theoretical breakthrough, and definitely affirmed that the socialist economy was the planned commodity economy on the basis of public ownership. In this way, the two things—socialism and commodity economy—which were for a long time thought to be incompatible, were unified and integrated. At the closing ceremony of the Third Plenary Session of the 12th CPC Central Committee, Comrade Deng Xiaoping gladly praised the document, saying that it was a textbook on Marxist political economics.

Since 1984, market regulation has held an important position in the national economy, and has in fact played a leading role in certain domains. Today, China's agricultural production has basically been regulated by markets under the guidance of state policies and plans. In industrial production, the portion under the state mandatory plans only accounts for a little more than 10 percent of the total output value. In the retail sales of social commodities, the portion of prices fixed by the state only accounts for 10 percent, while that basically regulated by markets accounts for 90 percent. In the sales volume of industrial means of production, the portion of prices basically regulated by markets also accounts for approximately 70 percent. In the coastal provinces where market economy is comparatively flourishing, their economy also develops most rapidly. The practice in many facets for a long time has proven that markets have exercised an enormous positive role in economic development. That is why it is groundless to "fear wolves ahead and tigers behind" on this issue.

17. Certainly, from a long-term perspective, the socialist market economy has made a good start so far. As for the establishment and perfection of a new structure of socialist market economy in keeping with the demands of modernization, there is still a long, long way to go. A title has just been chosen for the long article, and the magnificent piece of writing has yet to follow. In defining the socialist market economic structure that we aim to establish, these words in the 14th party congress report are very important: "We must make markets play the role of a foundation for the allocation of resources under the socialist state macroeconomic regulation and control." Here, on the one hand, we place emphasis on the market, and stress that market function is put in the position as a "foundation"; on the other hand, we also

stress that the development of market economy certainly does not negate the role of the socialist state. Conversely, the responsibility of our socialist state is very important. The four aspects of tasks for establishing a new structure of socialist market economy proposed at the 14th Party Congress should be carried out deliberately. They should be put into effect one aspect after another, fulfilled trade by trade, and resolved issue by issue.

Take agriculture as an example. It is a major trade. The general principle of the central authorities and State Council is to ease control over agriculture, but this can only be conducted steadily. So far as the relaxation of grain control is concerned, careful arrangements should be made. First, instead of taking a nationwide unified action, we should make decentralized policy decisions and have them implemented step by step in different provinces to achieve a smooth transition. Second, control on prices rather than on quantity indices should be lifted first, but the quantity of purchase by order should be maintained and its price protected. Third, in the provinces where control has been lifted, financial subsidies and favorable terms on grain purchased by order should be maintained for a few years. Fourth, a powerful mechanism of macroeconomic regulation and control should be established, the grain reserve system of the central and local authorities at multiple levels should be perfected, and the multilevel grain risk funds should be set up. Fifth, support to the principal commodity grain producing areas should also be intensified.

There are quite a few issues of tremendous importance pending explorations and solution. Among others, they are: How to make use of the market mechanism to accelerate the invigoration of large and medium enterprises? How to use the market mechanism to bring about the readjustment of industrial structure? How to use the market mechanism to achieve the industrialization of new high science and technology? How to use the market mechanism to promote urban transformation and construction? How to merge the domestic market with the overseas market? How to handle the relationships between undertakings in the fields of education, science, culture, and public health and the market economy?

In addition, there are some phenomena that are worth studying, too. For instance, in the course of market economic development, some ugly phenomena and malpractices which have not been seen for years in society have come out again. Can they all be attributed to the market economy? In fact, such things existed in the feudal society, and even in the slave society. Today, they have come forth under certain conditions, so we must tighten our legal system and intensify education in a bid to gradually diminish and ultimately eliminate them. The crackdown on these phenomena does not in the least mean that we will restrict the normal development of the market economy. On the contrary, the crackdown is precisely an indispensable condition for the healthy growth of the socialist market economy.

18. In keeping with the promotion of actual work, the theoretical research on issues concerning the socialist market economy should also be conducted in depth and width. People should not think that since the socialist market economy has been clearly explained in the report of the 14th party congress, what remains to be done is to fulfill the missions in actual work, and theoretical explorations are no more needed. The proposition of "socialist market economy" in the report of the 14th party congress does not mean that distinction between capitalism and socialism in nature should be made in the market economy itself; rather, it emphatically signifies that our market economy is one under socialist conditions. I feel that the issue of conditions is very important. It seems necessary to make some analyses on the following four development stages: 1) Generally speaking, market economy simply meant the free entry into the market by enterprises (legal persons), prices were determined by the demand-supply relation, the basic means of allocation of resources was market competition, and economic activities were regulated by the law of value. 2) Specifically speaking, under the condition of monopoly capitalism, market competition was still a basic factor, though it was incomplete (what was called an "incomplete market competition"), and the factor of planning and the role of regulation and control of the bourgeois state could not be ignored. 3) Again, specifically speaking, under the new condition of the rising new technological revolution together with the internationalization of the economy and the formation of regional groups since the 1970's, a series of fresh distinguishing features has been exhibited more distinctively in the market economy of the Western developed countries, including the unprecedented expansion of market sphere and scale, the even more maturity of the market mechanism, the effective role of the state regulation and control, as well as the regulation and control jointly exercised by various developed countries, and so on. 4) More specifically speaking, under the conditions of socialism, or of the socialism with Chinese characteristics, how to use for reference the objective laws, experiences, and lessons reflected in the market economic development during the aforementioned three historical stages to gradually form a complete set of our own theories, policies, and measures on the new structure of modern market economy under socialist conditions in accordance with the conditions in China is indeed a major branch of science which needs longstanding and arduous explorations and innovations.

19. With regard to the significance of the socialist market economy, we can raise this question: What is the most profound and protracted inner cause that has given impetus to the vigorous development of China's economy since the Third Plenary Session of the 11th CPC Central Committee 14 years ago? Or where does the "secret" lie? Without doubt, the ideological role is enormous, so are the role of the line and that of the endeavors exerted by cadres at all levels but, in the final analysis, the secret lies in the further release of the vitality from the vast number of laborers and enterprises through

structural reform with the role of all these factors collectively displayed. The repeated expansion of the decision-making power of millions of commodity producers and the repeated development of the socialist commodity and market economies are the guarantee of the deepest foundation and inner cause for the release of such vitality. Today, anyone who will just go around and have a look at China's urban and rural markets, at the open coastal region, and at the township and town enterprises scattered in the vast areas of cities, towns, and villages, will be very deeply impressed by this.

This is not an abstract conception or an empty formula, but the real life of the vast number of ordinary people, and is the actual material interests that can be seen and touched!

20. It is precisely on the basis of a brisk socialist market economy that China has become enlivened.

In May 1987, in his remarks directed against the "left" deviation which led to the long-term standstill and slow development, Comrade Deng Xiaoping said: It is since the Third Plenary Session of the 11th CPC Central Committee that China has really become enlivened and has done something that the people wish to see done. Now, as in the eight years since 1987, we are engaged in the four modernizations with heart and soul and have made the first step in the new long march. You see how Comrade Deng Xiaoping put it—China has really become enlivened—which did carry a lot of weight!

In June the same year, in an extremely cheerful and well-received manner, Comrade Deng Xiaoping emphatically pointed out: The greatest result, which we did not expect at all, is that the township and town enterprises have made advances. There are various kinds of small enterprises engaged in diversified economy as well as commodity economy which are a new force suddenly coming to the fore. If we say the central authorities have done something good in this respect, then it is their correct policy to revitalize economy. From the good results yielded by this policy we know that we have done a very excellent thing.

In connection with Comrade Deng Xiaoping's consistent ideas since the Third Plenary Session of the 11th CPC Central Committee, an issue of fundamental importance has in fact been set forth here—that is, whether a party, country, nation, or society should be enlivened or stagnant, and whether they should be revitalized or rigidly controlled, is a matter of great importance, and even a matter that decides everything. China's socialism both adheres to the four cardinal principles and persists in reform and opening up; hence, after 14 years of development, this socialism in China has started to be a really enlivened one.

21. Just as the 14th party congress pointed out, "the most profound changes brought by reform over the past 14 years are: Many ideological and structural confinements have been broken, the initiative of the broad masses has been aroused, and China, boasting of a

population of 1.1 billion people, is creating socialism full of vigor and vitality." Here, "socialism full of vigor and vitality" is a significant generalization, which is derived from the analyses and summation of the wide-ranging and complicated phenomena of the economic and social life in contemporary China after the link-up deliberation of what happened in the past (including the 14 years since the Third Plenary Session of the 11th CPC Central Committee, the 43 years since the PRC's founding, and the 70-odd years since the founding of the Soviet Union). Otherwise, in face of the complicated phenomena, we will see nothing but some disorders and come to the conclusion that everything is in a mess! Lenin once made a famous remark: The vigorous socialism is created by the masses themselves. I think that this generalization, made in the report of the 14th party congress, is the inheritance and development of Lenin's above remark, and is a leap forward in terms of connotation.

22. Therefore, the issue of socialist market economy is certainly not just an economic issue. It is exactly a strategic issue of an overall character and a matter of vital importance concerning whether or not our socialism will be full of vigor and vitality. We can also make this historical comparison: If we say our party broke through the erroneous concept of dogmatized Marxism and firmly upheld the correct program for solving China's land issue so that it could mobilize the revolutionary force of millions of peasants to a maximum, rely on the main force of peasants, take the road of encircling cities from rural areas, and overthrow the three big mountains in the democratic revolution, then, in the new period of socialist modernization today, our party has also broken through the erroneous concept of dogmatized Marxism, and held fast to the key link of the socialist market economy that gives impetus to reform and construction so that it could release the internal motive force of China's economy to a maximum on a long-term basis, mobilize the vast number of laborers to develop the range and quality of production in the market economy, and march toward a technological revolution. The above are all new things that have not been written in Marx's books and are all major issues that concern what kind of specific road revolution and construction should take. What is the matter at first glance? It looks something like departing from the classics and rebelling against orthodoxy. Since the Communist Party is the vanguard of the proletariat, how can it follow the road of encircling cities from the rural areas and take peasants as the main force? Since we are engaged in socialist modernization, how can we take market economy as a key link and an objective model of economic structural reform? But our party is a proletarian political party that dares to break through the trammels of the predecessors and proceeds from reality in all cases, and it is in reality that the vitality and fighting capacity of our party lie.

It can be stated that in the development history of socialism in China, the new and most valuable thing that the past 14 years have contributed is, in the final

analysis, the creation of socialism which has started to become really enlivened. Let us think again: Is the case in the world's socialist development history not the same as it is in China!

V. The Latest Generalization and Scientific Appraisal Made at the 14th Party Congress on Building Socialism With Chinese Characteristics

23. Another major characteristic or significant contribution of the report of the 14th party congress is the fresh generalization, systematic expositions, and scientific appraisal of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics so that the theory is presented before the entire party and the people of the whole country in a relatively complete set and, through the party's national congress, is solemnly defined as the theoretical foundation for guiding our ideology and work for a long time to come.

24. Here, we should particularly grasp the essence of the following three points:

First, the source of the theory on building socialism with Chinese characteristics.

Where did this set of theories come from? Certainly, it came from practice, especially from the great practice of 14 years since the Third Plenary Session of the 11th CPC Central Committee. Today, the general idea of developing China's socialism did not emerge accidentally, nor did it fall from heaven. It is not innate in our minds, either. Instead, it is the result of our penetrating retrospection on the long-term historical experiences and lessons of the socialist construction in China, as well as the sober observation on the international experiences and lessons and the world's latest development on the basis of the successful practice since the Third Plenary Session of the 11th CPC Central Committee.

For this reason, it is particularly essential to draw careful conclusions on a series of important policy decisions made in the past 14 years as enumerated in the report of the 14th party congress (totalling 16 items inclusive of the ensuing items of "peace and development being the theme of the present-day world" and "one country, two systems"). When the drafting of the report had just begun, Comrade Deng Xiaoping pointed out that the practice of 14 years since the Third Plenary Session of the 11th CPC Central Committee should be summed up in the report as if an historical resolution had been drafted.

25. Second, the position of the theory on building socialism with Chinese characteristics.

The report of the 14th party congress states: "This theory for the first time comparatively systematically and initially answers a series of basic questions on how China, a relatively backward country in economics and culture, should build, consolidate, and develop socialism. It has inherited and developed Marxism with new ideas and viewpoints.

The report also states: "It is a product of the integration of Marxist-Leninist basic principles with present-day China's reality and characteristics of the times, the inheritance and development of Mao Zedong Thought, the crystallization of the collective wisdom of the entire party and people, and the most valuable spiritual wealth of the CPC and the Chinese people."

The report also briefly mentioned the achievements as well as the twists and turns of the socialist movement in more than a century since the publication of the "Manifesto of the Communist Party," and pointed out: "From the comparison of history and the international observations, we realize that our party's theory of building socialism with Chinese characteristics is correct and in keeping with the interests and requirements of the vast numbers of the people."

Combining the above three paragraphs quoted from the report, I think they comprehensively express the party's scientific appraisal of Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

Here, relations in four aspects have been correctly handled:

1) The terms "for the first time comparatively systematically" and "inheritance and development" are used simultaneously, which comparatively accurately reflect the relations between Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics and the theories on socialism advanced by Marx, Lenin, and Mao Zedong.

2) The terms "comparatively systematically" and "initially" are used simultaneously. "Systematically" here means answering "a series of basic questions," and "initially" means doing away with closed and absolute conceptions with emphasis put on "continuing to be enriched, refined, and developed through the testing in practice."

3) The terms "Comrade Deng Xiaoping's theory" and the "crystallization of collective wisdom" are used simultaneously, which again truly and definitely reflect the relations between the historic, significant contributions of Comrade Deng Xiaoping and the collective wisdom of the party and the people. Regarding this, Comrade Deng Xiaoping emphatically pointed out in the course of drafting the report that personal contributions are made on the basis of the collective wisdom.

4) The mention made on the international socialist movement "in more than a century since the publication of the "Manifesto of the Communist Party" and, simultaneously, the particular emphasis given to the theory of building socialism with Chinese characteristics are connected with "China, a relatively backward country in economics and culture." This reflects the relations between the Chinese characteristics and universal significance of the theory in a comparatively appropriate and moderate way.

26. Third, the principal aspect of the theory of building socialism with Chinese characteristics.

The 14th party congress report stressed the criteria for practice and the "three benefits" as the fundamental criteria for judging the success and failure in all aspects of work, thereby integrating the criteria for practice with those for productive forces, and placing the socialist concept and strategy on the basis of the world outlook which really conforms to the national conditions and Marxist science.

I only want to put a special emphasis here, that Comrade Deng Xiaoping's consideration on the relations between productive forces and the socialist cause is based on upholding, restoring, and developing Marxist historical materialism. Previously, in our textbooks, theoretical education, and propaganda, more often than not, productive forces were not included in the category of socialist innate character, or its position in the socialist innate character was not highlighted. Since the Third Plenary Session of the 11th CPC Central Committee, Comrade Deng Xiaoping has proposed to shift the work focus of the entire party onto economic construction, and more incisively pointed out the necessity of scientifically understanding the socialist innate character and mission from the angle of emancipating and developing productive forces. He set forth such issues as "what socialism is" and "what communism means," and at the same time clearly pointed out that these issues could not depart from the development of productive forces. He put forth the issues of "fundamental mission" and "fundamental criteria," and clearly pointed out later during his south China tour that "the innate character of socialism is to liberate and develop productive forces, eliminate exploitation and polarization, and incrementally achieve the common prosperity." In this way, he has placed the issue of productive forces on an unprecedentedly high plane and, at the same time, even more closely connected productive forces with production relationship and with socialism. We should certainly say that in the development history of Marxism, this is the most comprehensive understanding and generalization on the innate character of socialism. The liberation and development of productive forces is a principal aspect which runs through the whole theory of building socialism with Chinese characteristics.

27. It is necessary to go into a bit more detail here. In nearly one and a half centuries since the birth of Marxism, along with the historical development of socialist movement, the concept regarding socialism itself has changed a great deal. There are several stages in it, and the 14 years since the Third Plenary Session of the 11th CPC Central Committee are undoubtedly an extremely important new stage symbolized by Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. The most distinguishing feature of this stage is manifested in seeking truth from facts, emancipating the mind, and the close integration of Marxist basic principles with the reality of China's socialist modernization and with the characteristics of

the times. People have noted that great headway has been made in the knowledge of our party on socialism as the first stage of communism. Compared with the previous views whereby the socialist stage was regarded as relatively short, and people were eager to transit to the "high-level" or "pure" socialism and even to communism, the difference is very striking. Our party pointed out that China's socialism is still in its initial stage, which will last at least 100 years, and that we must recognize the great significance of multiple ownerships at this stage and the fact that the basic economic pattern at this stage also belongs to market economy. This is one side of the affair. In the meantime, the world situation has turned from the revolutionary high tide to a probably long-term ebb: Capitalism not only has held its ground, but is overbearing in many ways. This situation also enables our party to deepen its knowledge on the socialist movement and define its major strategy of calm observation and sober attitude to cope with the situation. This is another side of the affair. These two sides have never been anticipated in the history of Marxism. This shows that the theory of scientific socialism or the socialist basic principles were certainly not and could not be completed in one move. The historical development tells us that it cannot be completed in two, three, and even four moves, to say nothing of one single move. The great practice of our party since the Third Plenary Session of the 11th CPC Central Committee and Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics have really started a new leap. This leap has not been completed, and it should be and certainly will be further deepened and expanded for a long time to come.

28. Perhaps there is a question here: Some comrades may think: Will history retrogress? We thought we would soon step into communism in the past, but now we say the socialist initial stage will last a considerable period of time. After all, retreat or advance should be judged by whether or not it conforms to reality, whether or not it benefits the development of China's socialist productive forces, and whether or not it promotes the great cause of China's socialist modernization. In many cases, it looks like a retreat in appearance but, in essence, it is a real advance. The theories, line, and policies since the Third Plenary Session of the 11th CPC Central Committee really accord with reality so that we have new development in China's socialist productive forces, and that socialism full of vigor and vitality can take root, blossom, and bear fruits on the vast land of China. This is precisely the most solid foundation on which China is able to plant its feet firmly, given the domestic political disturbances and the drastic changes in the international situation.

29. In short, Marxism is not out of date; hence, we must stick to it and develop it. Marxism has been developing in history, and it must and certainly will continue to develop now. Just as Comrade Deng Xiaoping said at the closing ceremony of the Third Plenary Session of the 12th CPC Central Committee: "The document of the

current session is well-written because it explains what socialism is. Some expressions have never been made by our forefathers, and there are some new creations. I think we have made things clear now. We were unable to write such a document in the past and, without the practice of the past few years, it is impossible to write such a document. Even if it is written, it will not be easily adopted. We have used our own practice to solve some new problems which cropped up under the new situation. Did we not say we should adhere to the four cardinal principles? This is real adherence to socialism." In 1989, he also pointed out sharply: "Without using new ideas and views to inherit and develop Marxism, it is not real Marxism."

You see, Comrade Deng Xiaoping repeatedly stressed the needs of "real adherence to socialism" and "real Marxism." This way, he keenly set forth the issue of what "real" Marxism and socialism is, which has provided much food for thought.

30. After twists and turns, the CPC has formed this set of theory and line based on socialism and oriented to the world, the future, and the modernization, which has imbued socialism in China with vigor and vitality, thereby repeatedly augmenting its comprehensive national strength and, after a long-term struggle, attaining the great rejuvenation of the Chinese nation. This, indeed, is a blessing for the party, the country, the people, and the Chinese nation. Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics is Marxism in present-day China, in which only this set of theories, and no other, can solve the issue of the country's future and destiny. Only by clinging to this set of theories, persisting in taking economic construction as the key link, persevering in reform and opening up, sticking to the four cardinal principles, combating the bourgeois liberalization, and guarding against right but mainly "left" tendencies can we really uphold Marxism. Otherwise, we are not really upholding Marxism! We must reach such a consensus in studying the documents concerning the 14th party congress.

I feel that it is precisely in this sense that we will be able to better understand the profound implications of Comrade Deng Xiaoping's remark—the basic line should remain firm for 100 years.

Also in this sense, the current party congress has been one with a far-reaching impact ideologically and theoretically for its systematic expositions and scientific appraisal on Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics.

31. Finally, let us revert to the subject on the future and destiny of socialism in China that I mentioned at the beginning of this article.

The 14th party congress particularly pointed out: Our cause of reform, opening up, and modernization since the Third Plenary Session of the 11th CPC Central Committee is "another revolution." I think it is necessary to understand this point in real earnest.

"Revolution" is a general term. So far as we communists are concerned, it most loftily, solemnly, and powerfully reflects the close integration of the lofty ideals with the realistic struggle. Then, what specific historical meaning does "another revolution," stated in the 14th party congress's report, imply? I think its meaning covers two aspects: One is the reform on structures, and the other is the entire cause of reform, opening up, and modernization that we have been engaged in.

We call structural reform a "revolution" because this reform will fundamentally change the economic structure which restricts China's productive forces, so it is a new and thorough social change on the basis of socialism. It is of inestimable, far-reaching, and immediate significance to perfecting and developing the burgeoning socialism which was born just scores of years ago in human history.

We call the entire reform, opening up, and socialist modernization a "revolution" because our great cause calls for the emancipation and development of the productive forces to a maximum so that China will turn from an underdeveloped socialist country to a prosperous, powerful, democratic, civilized, and modern socialist country; thus, the socialist superiority will be fully demonstrated in China, a big country with one fifth of the world population. At the same time, it means that China will be a staunch force safeguarding world peace. It will never seek hegemony, and it can make greater contributions to the stability and development in the Asia-Pacific region and the world.

As Comrade Deng Xiaoping said during his south China tour: "It would be amazing if China would be built into a medium-level developed country in 100 years, counting from the founding of the republic!"

It is entirely right to think that the day when the socialist modernization in China comes true will be the time when the issue of China's socialist destiny is ultimately settled.

Our purpose to propagate the 14th party congress is to set up such confidence in the entire party and in the people of various nationalities throughout the country.

Official Urges Reform of Cadre Retirement System

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17 Dec 92 p 3

["Special Commentary" by Cheng Lianchang (4453 6647 2490), vice minister of the Ministry of Personnel: "The Cadre Retirement and Pension System Should Also Be Reformed"]

[Text] In his report to the 14th CPC National Congress, Comrade Jiang Zemin pointed out: It is necessary "to actively establish a social insurance system on job awaiting, pension, and medical treatment," "to conscientiously implement the cadre retirement system, to

continue to promote the replacement of veteran cadres by new ones and ensure their cooperation, to earnestly show concern for the lives of retired cadres so that they can spend their remaining years in contentment," and "to take serious account of and study the problem of population aging and to do a good job in this respect." These instructions have set a clear task for us in making a success of the work concerning cadres' retirement, and has also pointed out the orientation of reform. We should conscientiously implement these principles and policies, expedite reform, carry out active explorations, be bold in practice, and enhance the work concerning cadres' retirement to a new level. Now there are several ideas on reforming China's cadre retirement and pension system.

We should establish and implement as soon as possible the social pension insurance system in offices and institutions. There are currently more than 30 million people in offices and institutions, about one-third of the total employees of units under ownership by the whole people, and accounting for a comparatively large percentage of the entire pension insurance system. In particular, the establishment of the pension insurance system in offices and institutions will become even more urgent after the reform of the enterprise pension insurance system.

Offices and institutions have their own characteristics. Their sources of funding and distribution methods are greatly different from enterprises'. Offices also have different characteristics from institutions. Among other things, administrative offices will practice the government civil service system and institutions will also carry out a large-scale reform of their structure. Therefore, it is necessary to consider reform programs on the pension insurance system in government offices and institutions according to their different conditions.

The guidelines for establishing the pension insurance system in offices and institutions are: First, to correctly embody the party's and state's instructions on establishing the social insurance system and to adhere to the principle of the state, the collective, and the individual jointly undertaking a rational burden; second, to form integration with institutional reform, personnel system reform, and wage system reform, and particularly to converge the government office pension insurance system with the government civil service retirement system; third, to properly coordinate the relations between enterprises, institutions, and offices so that their pension insurance level is basically the same; fourth, to maintain the unity between the pension insurance principle and basic policy standards and at the same time allow disparities between different regions so as to boost localities' initiative; fifth, to properly handle the relations between old and new systems, between veteran and new personnel, to make overall arrangements, and to bring about a steady transition; sixth, to allow a gradual increase in the insurance level following social and economic development and the growth of the people's income, so that there will be a gradual improvement in retired personnel's lives.

According to the principles of the CPC Central Committee and the State Council and in line with the characteristics of offices and institutions, the main targets in reforming the pension insurance system in offices and institutions are: First, to establish an independent pension insurance foundation system, to change the practice of cash receipts and cash payments without accumulation in retirement premiums, to separate pension insurance premiums from financial budgets, and to introduce special deposits and special use for earmarked funds. Taking account of China's national conditions and financial bearing capacity, it will be appropriate if the raising of pension funds will proceed under the principle of contributions being decided according to spending, with a little surplus, to arrive at certain accumulation, the method adopted being fund raising through partial accumulation. Second, to form a mechanism under which the state, the locality, and the individual jointly undertake a rational burden in pension funding, to integrate state insurance, social insurance, and individual insurance, and to change the practice of the state alone being responsible for pension premiums. In raising pension funds, different methods should be adopted according to the different fund sources of offices and institutions. Third, to form methods of pension insurance fund computations and payments which conform with the characteristics of offices and institutions, change the present irrationality in pension fund computations, decide the overall level of pension funds in offices and institutions, practice a multi-tier payment form in providing retirement and pension treatment, portray social fairness in pension insurance funds, and link this to employees' credits to society, duration of fund contributions, and wages during their employment. Fourth, to establish a system under which pension insurance treatment will be appropriately adjusted following the increase in the standard of living in society, and link retired personnel's basic living costs to commodity prices so that their lives will be ensured and will gradually improve along with social and economic development. Fifth, to establish an independent pension fund management system and take appropriate measures to resolve the problem of guaranteeing and increasing the value of pension insurance funds.

Over 148,000 Registered Drug Addicts Reported

HK3012132092 Beijing ZHONGGUO XINWEN SHE
in English 1216 GMT 30 Dec 92

[Text] Beijing, December 30 (CNS)—According to a report presented recently by the Ministry of Public Health at a seminar on the prevention and control of drug abuse, by the end of June this year, there were more than 148,000 registered drug addicts in the Mainland. Meanwhile, drug abuse has been tending to spread from the villages to the cities and from the border regions to the hinterland.

According to the report, the characteristics of drug abuse and addiction in the Mainland are, first, most drug addicts are young men. Second, the drugs used are

mainly opium and heroin. Third, there are differences in the way drugs are taken in different regions of the country, with, for instance, intravenous injection being common in some parts of Yunnan Province. Fourth, among those with AIDS, those injecting intravenously account for the greatest number.

By the end of June this year, more than 800 cases of drug users with a virus infection had been cured. It was reported that 8,080 drug traffickers were apprehended in the Mainland last year, with 5,285 of them receiving court sentences and of these 865 received either the death penalty or life imprisonment.

Further on Jiang Zemin Visits Hubei Province

HK3012123092 Wuhan Hubei People's Radio Network
in Mandarin 1000 GMT 27 Dec 92

[Excerpt] The Jianghan Plain after autumn harvest looks immensely vast and interminable. One can still remember that last year, when very serious floods wreaked havoc, its production output of grain and cotton dropped. However, people who were hit by natural calamity never lost heart, and they were determined to work wonders on the devastated farmland. Now they have truly succeeded in working wonders. They have reaped a bumper harvest in grain, cotton, and edible oil. After the bumper harvest, the peasants' joy is intermingled with anxiety. When they sell grain, they get IOU notes. They enhance output of agricultural products considerably, but the increase in their incomes is limited. Their burdens are getting heavier and heavier. Some peasants do not want to do too much farm work. Some do not want to do farm work well. In some places, people are fleeing from home. Peasants' enthusiasm in production has been dampened. This situation has occurred not only on the Jianghan Plain, but also in many grain- and cotton-producing areas throughout the country. This cannot but arrest the close attention of the CPC Central Committee, because food, after all, is the first necessity of the people.

On 20 December, Comrade Jiang Zemin came to the Jianghan Plain for inspection. He stated clearly: Although this is an unavoidable labor pain which occurs during the transition from the traditional planned economic system to the socialist market economic system, we cannot but pay close attention to it. According to our experiences, when grain and cotton are in short supply, we attach importance to agriculture, and problems can be easily solved. After a bumper harvest, we tend to relax our efforts to grasp agriculture. It is difficult to solve the relevant problems. My purpose in coming here this time is to make investigations and studies with regard to those prominent problems arising in agriculture and rural work, and explore the ways for solving them, so that we can arouse peasants' enthusiasm in production.

Those who accompanied Comrade Jiang Zemin on the inspection tour included Wen Jiabao, alternate member of the CPC Central Committee Political Bureau and member of the Central Secretariat; Chen Junsheng, state

councillor; and responsible comrades of the central departments and departments under the State Council. Provincial CPC Secretary Guan Guangfu, Governor Guo Shuyan, and provincial party Deputy Secretary Hui Liangyu also accompanied him on the tour.

The first place the general secretary inspected was Xiaogan. At 1530 on 20 December, immediately after alighting from the train, the general secretary and his entourage started a discussion with responsible persons of the Xiaogan Prefecture, and of the relevant counties and cities. When (Zhang Chunjian), party secretary of Xiaogan Prefecture, was opening his notebook and planning to report to the general secretary, Comrade Jiang Zemin said amiably: Put away your notebook and talk freely. We wish to know the real situation. We do not want anything which has been exaggerated. We want you to tell the truth. If we fail to have a good grasp of the situation, it is very harmful to our policy making. These words animated the atmosphere immediately.

Wherever he went, Comrade Jiang Zemin always encouraged people to talk freely and tell the truth. From time to time, he raised some questions, and asked for real answers. In Xiaogan, he asked some county and city party secretaries: Tell me honestly whether you have devoted sufficient efforts to grasp agriculture. Dawu County CPC Secretary (Zhou Yangsheng) said: The present rural economy concerns various quarters, and involves many aspects. Compared with the past, we have devoted less efforts to agriculture. The general secretary nodded his head and said: You have told the truth.

In Tianmen County, he asked (Song Guizhi), a good hand at planting cotton who earned more than 8,000 from selling cotton: Do you have any IOU notes in hand? When she answered that the notes had been cashed, the general secretary still was not completely at ease. He asked: When were they cashed?

In Jingmen City, party Secretary (Li Yufen) used some doggerels to reflect the peasants' sentiments. Although these doggerels were too extreme and inaccurate, they reflected to some degree the peasants' voices. The general secretary put them in his notebook. He asked (Li Yufen): Were these vivid doggerels written by the masses, or by skillful writers? She answered: They were written by the masses. Some people wrote this, and others wrote that. We summarized them. Hearing this, the general secretary smiled.

When Comrade Jiang Zemin was inspecting Xiaogan Prefecture, Jingzhou Prefecture, and Jingmen city, people at all levels told him about low grain prices, difficulties in selling grain, and limited increases in income despite a bumper harvest. Was this because of grain overproduction, or some other reason? Wherever he went, the general secretary wanted people to conscientiously think of this question. It is truly important to correctly understand the situation of grain production. Reviewing our history, we realize that the abrupt rise and fall on several occasions in our grain production

were attributed to our failure to correctly size up the situation. This led us astray. Comrade Jiang

Zemin told us sincerely: We must never repeat the old mistake. He urged us to change the angle for viewing things. He told comrades from various departments who accompanied him on the inspection tour: We must think of what to do from the angle of people at lower levels. He also told county and city party secretaries: You must also think of what to do from our angle. We must devise a good method. If we fail to solve the problem of agriculture well, and if our grain output falls, it will take several years for us to recover.

Throughout the inspection tour, the general secretary made important remarks on whether our grain production is too high, on issues related to grain and cotton production, on efforts to take agriculture as a foundation, and so on. Following are excerpts of the remarks:

Is our production output of grain really too high? Generally speaking, China's grain production output is low, because our per capita grain consumption is less than 400 kilos. We have lagged far behind some countries in this regard. China has a population of more than 1 billion. Our population increases by 10 million or so every year, but our cultivated land annually decreases by about 4 million mu. We live on this land from generation to generation. We must feed so many people, and ensure that people of the next generation will live better. So we must never treat agriculture lightly. Grain is a special kind of commodity. We must rely on grain to ensure that our people have good and sufficient food to eat. We must treat neither grain nor cotton lightly. Cotton is the main raw material for clothing. We must rely on cotton to ensure that our people have warm clothing for the winter. It is now fashionable to wear cotton goods in foreign countries. We must never relax our efforts to produce both grain and cotton. We must foster an idea of taking agriculture as a foundation. I am afraid that we have loosened the string in this regard. In a big country of 1.16 billion population, it is always difficult to say that our agricultural problem has been completely solved. Ensuring that more than 1.1 billion people have sufficient food to eat and warm clothing to wear is an issue of primary importance which we, Communists, must always consider.

Proceeding from people's interests, Comrade Jiang Zemin not only inspected problems arising in practical work, but also urged us to put forward constructive opinions in order to solve the problems. Jingzhou is famous for its high grain and cotton production output. The problem of issuing IOU notes when purchasing grain and cotton is very serious. In some counties and cities, only less than 20 percent of the purchases is paid in cash. Some peasant are ill, but they have no money to see the doctor. After listening to the report of the responsible comrades of the prefecture, Comrade Jiang Zemin was very upset. He said: Now responsible comrades from the People's Bank, Ministry of Finance, and Minister of Commerce are here. You must thrash out all

the problems, and see if there is a way to solve them. They had a heated discussion to analyze the crux of the problem of issuing IOU notes, and suggested some countermeasures for solving it. Although these countermeasures are to be scientifically expounded, and the pros and cons are to be weighed, the dawn of victory has, after all, appeared in front of us. [passage omitted]

Police Forces To Wear Corp Badges in 1993

OW3012210592 Beijing XINHUA in English
1527 GMT 30 Dec 92

[Text] Beijing, December 30 (XINHUA)—Chinese police forces will begin to wear corp badges from January 1 following the introduction of ranks for police officers earlier this month.

The police have not had a ranking system in over four decades.

Policemen in the Ministry of Public Security will also wear new style shoulder emblems, badges, arm flashes and identification number tags.

The corp badge will be made of olive green silk in the shape of an arrow with designs incorporating rank. The corp badge is to be worn on the collar of the uniform to identify different services.

The badge of the Public Security Police will be a red star while those for the railways, communications, civil aviation and forest services will be respectively a train, anchor, plane wing and tree. The logo for the technical service will be the atom diagram.

The arm flash will be shield shaped made of dark blue silk. It will be embroidered with the words People's Republic of China and Public Security in Chinese characters, and police in English. There will be a red star in the center.

The ID number tag will be rectangular and purplish blue in color, with seven silver numbers engraved on it. The first two numbers represent different provinces, autonomous regions and municipalities directly under the central government. The other five numbers are the individual police officer's number.

Science & Technology

Authorities Unveil Technology Plan for Economy
HK2912100392 Beijing CHINA DAILY
in English 29 Dec 92 p 1

[Article by staff reporter He Jun: "Torch Plan To Ignite National Economy"]

[Text] China's top scientific authorities have mapped out an ambitious plan to push high-tech enterprises further into the marketplace and let them play a bigger role in the country's trade and economy, a national conference was told yesterday.

Li Xue, Vice-Minister of the State Science and Technology Commission, vowed yesterday in Beijing that the total income of high-tech enterprises from industry, trade and technology transfer will reach 500 billion yuan (\$86.2 billion) by the end of this century.

Li also pledged that the annual sales volume of China's high-tech products will reach 400 billion yuan (\$68.9 billion) by 2000, accounting for 10 percent of the projected gross national product.

According to the 10-year plan, 12,000 high-tech enterprises will be established, including some large industrial groups that are competitive in the world market and have annual sales volumes of more than 1 billion yuan (\$172 million) each.

Li urged the high-tech enterprises to pay more attention to the market during the process of making the technologies commercial and international.

He encouraged more researchers with scientific and technological institutes and universities to devote themselves to the marketing of their research results.

He hoped that some 200,000 scientific and technological personnel will be engaged in transforming experimental achievements into industrial products in the next two years. The total is expected to jump to 1 million at the turn of the century, he said.

Li made the remark at the Third National Conference of the Torch Project, a science programme launched in 1988 to promote the industrialization and commercialization of new and high technologies.

Currently, China's research institutes and universities have involved themselves in 43 percent of the projects outlined under the programme.

He estimated that the projects under the Torch programme will add more than 10 billion yuan (\$1.72 billion) to China's gross output this year, while generating 1.9 billion yuan (\$320 million) in tax revenue for the country.

By the turn of the century, 12,000 projects will have been developed under the programme and are expected to be exporting one third of their products, Li said.

Backed by government and financial circles, the Torch Project is playing an important role in promoting local economic progress and the transformation of traditional industries, Li said.

By the end of 1991, the State had invested 4.4 billion yuan (\$750 million) in Torch projects, which will add a total of 19.4 billion yuan (\$3.34 billion) to China's annual gross national product (GNP) when completed.

The 120 State and local high-tech development zones established throughout the country are expected to double their annual gross output from the 1991 level of 7.1 billion yuan (\$1.22 billion), he said.

Directors of the high-tech zones announced the founding of the China Association of Science and Technology Industrial Parks on the eve of the conference to further promote the goals of the Torch Project.

Aviation Expert Says Air Safety 'Careless'

HK2812140892 Hong Kong AFP in English
1031 GMT 28 Dec 92

[Text] Beijing, Dec 28 (AFP)—China's civil aviation industry is in a "confused" state, with central authorities failing to ensure safety as local airlines put profits first, an official newspaper on Monday [28 December] quoted an expert as saying.

The Civil Aviation Administration of China (CAAC) has safety regulations, but since its 1987 breakup "has not worked out a system making local airlines responsible for safety," THE CHINA WOMEN'S NEWS quoted the unnamed expert as saying. "China's aviation industry is currently in a confused period," he said. "Too many local airlines had been formed in China recently. They put profits first and their flight schedules have overloaded ground control centers."

China had an unusually large number of air disasters in 1992. Five passenger jets and helicopters crashed in a four-month period, ending with the November 24 accident involving a Southern China Airlines Boeing 737 that crashed near Guilin, leaving 141 people dead.

The expert was quoted as saying that shoddy inspection and overworked mechanics were the cause of that crash. The government has not officially announced the cause of the disaster, the worst in Chinese aviation history.

"The reasons for Southern's accident were that the aircraft was in a hurry, making for careless inspection, and that mechanics were working overtime," the expert was quoted as saying. "Local airlines are putting on many added flights these days to increase the number of passengers," he said.

He also blamed careless inspection for an accident on July 31 in Nanjing in which 106 people died after a Soviet-made Yakovlev-42 passenger jet crashed into a wall and exploded during a failed takeoff.

CAAC rules require that aircraft be inspected and serviced for at least two hours before they are used again and mechanics should work a maximum of six hours on a shift, the newspaper said.

China has seen a civil aviation boom since 1987, when CAAC split into one international airline and eight regional carriers. In addition to the CAAC offshoots, 14 airlines are run by the military and local governments. Competition has improved service on larger airlines, but has also led to dangerous maintenance shortcuts and reduced safety, Western aviation experts have said.

Military

Military Enterprises Produce More Civilian Goods

SK3112054292 Harbin HEILONGJIANG RIBAO
in Chinese 6 Dec 92 p 2

[By reporter Fei Mian (6316 0380): "Heilongjiang's Military Industrial Enterprises Make New Progress in Developing Goods for Civilian Use"]

[Text] As was learned recently from a propaganda work conference of defense industrial enterprises in the province, Heilongjiang's military industrial enterprises created a good trend in the production of the goods for civilian use. By the end of October, their industrial output value had reached 1.13 billion yuan, up 12.5 percent from the same period of last year; their income from the marketing of goods had neared 1.1 billion yuan, up 63 percent; and their sales of the goods for civilian use had exceeded 300 million yuan, up nearly 10 percent.

Heilongjiang's military industrial enterprises have enhanced their sense of the market, and some of them have gone abroad to open new markets since the beginning of 1992. Eighty percent of these enterprises have developed economic, technological, and trade cooperation with foreign firms, and their exports of the goods for civilian use reached 130 million yuan. The state Heping Machinery Plant also set a precedent by cooperating with the CIS. They invested 27 million yuan each to develop the production lines producing the vehicles used in deserts and oil fields.

Following the accelerated reform and opening, military industrial enterprises have begun to devote major efforts to adjusting their product mix. They have arranged 21 technical transformation projects to change their production lines, and the planned amount of investment is 900 million yuan. Twelve of these projects, with a total investment of 250 million yuan, have been started. Development of the goods for civilian use have alleviated these enterprises' problem of operating under capacity.

Henan Secretary at Military District Meeting

HK2912064292 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 22 Dec 92

[Text] The eighth party committee of the provincial military district held its 14th plenary session in Zhengzhou 19-21 December. Li Changchun, provincial party secretary and provincial military district party committee first secretary, and Ma Zhongchen, deputy provincial party secretary and acting governor, gave speeches.

At the meeting, Wu Guangxian, secretary and political commissar of the provincial military district party committee, gave a report on the work done in 1992 and on

the main work duties in 1993, on behalf of the provincial military district party committee.

Zhu Chao, deputy secretary of the provincial military district party committee, and commander of the provincial military district, summed up the session and made arrangements for current work in the whole district.

The plenary session seriously studied the spirit of the 14th party congress and the spirit of the enlarged meeting of the Central Military Commission, and thoroughly looked into the new conditions and new problems in the building of the Army and reservists under the new situation of socialist market economy. It discussed and passed a resolution on thoroughly studying and implementing the spirit of the 14th party congress and expediting reform and construction of the military and reserve units in the provincial military district.

In his speech, Li Changchun, provincial party secretary and provincial military district party committee first secretary, pointed out that the big tide of reform and opening up and the current gratifying situation of economic construction in our province have provided a good opportunity for enabling the building of military and reserve units in the district to scale new heights. He demanded that in the new situation of reform, opening up, and socialist market economy, everyone work hard to explore new ways for building the Army and reserve units, do more to obey and serve economic construction, and give full play the role in economic construction of militia who, when playing their role, should seek development and growth.

Ma Zhongchen, deputy provincial party secretary and acting provincial governor, said in his speech that everyone should grasp national defense education and two-support work in the new period, foster closer ties between the Army and the government and between the Army and the people, and make contributions to invigorating Henan.

Wang Yingzhou, Huang Qiugui, Xia Longruo, Zhang Sijing, Xie Yingqian, and Wang Keyu, members of the provincial military district party committee standing committee, attended the meeting.

Sichuan Rally To Name Model Double Support Cities

HK2812142292 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 24 Dec 92

[Text] Yesterday morning in Chengdu, the provincial CPC committee, government, and military area held a grand rally for naming double support model cities and commending the advanced. [passage indistinct] Forty advanced units and 96 advanced individuals were commended.

More than 1,200 people attended the rally, including He Haoju, chairman of the provincial people's congress standing committee; Nie Ronggui, deputy secretary of

the provincial party; Chi Yunxiu, deputy commander of Chengdu Military Region; Ren Yinglai, member of the provincial CPC committee standing committee and commander of the provincial military district; Luo Tongda, vice governor; Li Peiken, vice chairman of the provincial Chinese People's Political Consultative Conference; (Hu Yongkang), member of the provincial advisory commission standing committee; Huang Daping, deputy political commissar of the Air Force under the Chengdu Military Region; (Yan Jixin), deputy secretary of the provincial discipline inspection commission; Zhou Canxi, deputy political commissar of the provincial military district; Zhu Guiheng, political department director of the provincial military district; heads of various city, prefectural, and autonomous prefectural leading groups, and offices responsible for double support work; representatives from the named model cities and commended units; delegates from the provincial, city, and military authorities; and representatives of cadres and soldiers of the people's armed police corps.

The national leading group for double support work, the Ministry of Civil Affairs, and the People's Liberation Army General Political Department also sent congratulatory messages to the rally.

Comrade Nie Ronggui, provincial party deputy secretary, spoke at the rally. He said: The rally is guided by the drive to study and implement the spirit of the 14th CPC National Congress, and important remarks made by Comrade Deng Xiaoping during his southern tour. It is necessary to name model cities, commend the advanced, sum up and exchange experiences, make arrangements for work, and implement measures to further promote profound progress in double support work. At present, in our province, there are four model cities and counties in double support work named by the state; 34 double support model cities and counties named by the province, and 587 model townships and towns named by cities, prefectures and autonomous prefectures. Some 1,568 advanced units have been commended, and 7,159 persons have been elected advanced individuals. Carrying out double support activities in a profound and down-to-earth manner has played a tremendous role in strengthening our national defense, increasing the combat effectiveness of our troops, and promoting our province's reform, opening up, and economic development.

Economic & Agricultural

Spokesman Reviews 1992 Economic Situation

OW3012202992 Beijing XINHUA Domestic Service in Chinese 1016 GMT 30 Dec 92

[By correspondent Zhang Jinsheng (1728 6930 0524)]

[Text] Beijing, 30 Dec (XINHUA)—During a briefing today for Chinese and foreign reporters to discuss China's economic situation for this year, Zhang Zhongji, press spokesman for the State Statistical Bureau, said: 1992 saw a shift in our country's economy from overall

recovery to high growth; remarkable achievements in reform, opening up, and economic construction; and notable success in various sectors. Despite strong economic growth, we cannot neglect the problems facing us, and we should resolve them promptly and properly.

It is understood that the general state of national economic construction has been very good this year. This is mainly reflected in the following areas:

We have broadened and deepened the program of reform and opening up in an unprecedented manner. The State Council's formulation and implementation of the "Regulations Governing the Change of Operating Mechanisms in Industrial Enterprises Owned by the Entire People" have increased the vitality of enterprises. We have accelerated the pace of cultivating and developing various types of markets; have initiated wide-ranging reform of the housing system; have gradually reformed the social security system; and have made new progress in reform in other areas. Specifically we have made great strides in pricing reform, changed the price-forming mechanism, and decontrolled the prices of most commodities. Currently, state-priced consumer goods account for only approximately 10 percent of total retail sales volume, while state-priced capital goods represent only approximately 30 percent. The market has played a significantly wider role in regulating economic activity. We have expanded our open policy from the coast to areas along the Chang Jiang, along the border, and in the vast hinterland. This has basically led to a multilevel and multidirectional pattern of opening up to the outside world through various channels. We have enjoyed unprecedentedly brisk economic relations with foreign countries. This year's total export volume is expected to total \$85 billion, up 18 percent from the preceding year. Total import volume is expected to reach \$78 billion, increasing by over 20 percent. More than 40,000 new foreign-funded projects have been signed throughout the year. We have actually utilized more than \$16 billion in foreign capital, which is more than half the amount of the preceding year.

The national economy has grown rapidly. Gross domestic product for the entire year is expected to total 2,340 billion yuan, a 12-percent increase over the preceding year in terms of comparable prices. In terms of supply, our primary industry has developed steadily, and its added value for the entire year is expected to grow 3 percent over the previous year to reach more than 560 billion yuan. Total grain output will reach 442.5 billion kg, up 7.3 billion kg from the previous year. Cotton output will decline more than 10 percent; while the output of sugar, tobacco, hemp, fruit, vegetables, meat, and aquatic products will grow by varying degrees. The secondary industry has developed rapidly. Its added value for the entire year will surpass 1,100 billion yuan, up 19 percent or so from the preceding year. The secondary industry will contribute more than 60 percent of the growth in the overall economy. The development of the tertiary industry has accelerated on a seasonal basis. Its added value for the entire year will total more

than 660 billion yuan, which represents an increase of over 9 percent. In terms of demand, there has been a surge in demand for investment. Total investment in fixed assets for the entire year is expected to top 730 billion yuan, up approximately 33 percent from the previous year. After adjusting for price increases, the actual amount will grow approximately 20 percent. Total retail sales volume for the entire year is expected to reach 1,080 billion yuan, up 15 percent from the preceding year. The actual increase will be 9 percent, after being adjusted for price hikes. The demand for investment has substantially increased the sale of capital goods. The total volume of major capital goods sold by materials supply departments across the country will exceed 450 billion yuan, an increase of more than 40 percent. The actual increase will be in the range of 30 percent after adjustments for price increases.

Industrial enterprises have somewhat improved their economic efficiency. Faster growth in production and the deepening of enterprise reform have stopped the downward trend of the past few years in economic efficiency. The added industrial value for the entire country is expected to grow 20 percent over the preceding year. Sales of industrial goods have increased seasonally, and are approaching normal levels. The general index of economic efficiency for the entire year will be 89, up 5 percent over the previous year. Compared to the corresponding period last year, the number of loss-producing enterprises and the volume of losses have both declined.

The income of urban and rural residents has risen faster than the increase of the general price index, and so people's standard of living has continued to improve. It is estimated that the retail price of commodities will rise by 5.3 percent as compared with last year, and is slightly lower than the planned increase of 6 percent. The extent of price increases in cities and towns is higher than the extent of price increases in rural areas. The living expense index of large and medium cities has risen about 11 percent. It is estimated that the average per capita annual cost of living for residents in cities and towns has reached 1,800 yuan, increasing approximately 7 percent after allowing for price increases. The per capita net annual income of peasants is 770 yuan, an increase of 5 percent allowing for price rises. The actual level of consumption of the entire country has risen by approximately 8 percent as compared with last year, and the proportion of expenditures for noncommodities has increased.

In analyzing some of the problems which merit attention in the course of speeding up economic development this year, the State Statistics Bureau pointed out: 1) The basis of agriculture is not firm enough. In some localities the trend of neglecting agriculture is gaining ground. Too much farmland has been occupied for nonagricultural purpose, and the situation of "giving out white bills" [IOU's] is quite common because of a shortage of funds for the procurement of agricultural products in some localities. The situation of unrestrained gathering of

funds and wanton apportionment in rural areas is also quite conspicuous, thus adding burdens to the peasants. 2) There have been too many newly started construction projects, and the scale of those projects is too big. The investment structure is also not rational. It is estimated that as of end of this year, the scale of construction projects in the entire society will be 37 percent larger than that of the previous year. There has been an overheated situation in housing construction and building development zones, and some projects have been hastily started in disregard of required conditions. There is also the situation of overlapping construction in some localities. Overextended capital construction [ji ben jian she 1015 2609 1696 6080] will have an unfavorable influence on making arrangements for next year's investment. 3) The money supply is too large. As a result, the hidden pressure on inflation has been increasing. 4) The "bottleneck" restriction of infrastructure facilities [ji chu she shi 1015 4342 6080 2457] and basic industry is being intensified. The transportation situation, especially railway transportation, is deteriorating; the cases of ships sitting idle in port have increased. 5) the general level of economic efficiency is still relatively low, and there are still the situation of practicing extensive management. The aforementioned things are problems in our efforts to make progress, and they are also related to the overall economic situation. Therefore, we must pay good attention to and promptly and properly solve those problems.

Zhang Zhongji pointed out: In 1993, we must implement the 14th CPC National Congress guidelines in an all-round manner. The goal of macrocontrol should insure a fast and satisfactory economic development and also guard against overheating the economy. In line with the demand for gradually establishing the system of socialist market economy, we should further emancipate our minds, seek truth from facts, attach importance to actual results, speed up reform and opening up in a better manner, transform enterprise management mechanisms, improve the system of macroregulation, and persist in achieving a basic balance between total supply and demand in society. We should continue to promote the change from extensive management to intensive management in economic operation, to strengthen management, to establish and perfect related economic laws and regulations, and to actively promote economic development in the direction of improving quality, adjusting production structures and increasing efficiency.

Zhang Zhongji answered questions raised by Chinese and foreign reporters. On the issue of total money supply, he said the original plan would be 80-90 billion yuan, but the actual amount might be higher due to various reasons. Regarding the economic losses of various enterprises, he said losses by state-owned enterprises amounted to over 27 billion yuan for the entire year, a decrease of 2.4 percent as compared with last year's figure. He said: approximately 29.9 percent of those enterprises are still suffering economic loss, 5 percent less than in the previous year. Enterprises with

economic losses are mainly the defense, coal, crude oil, and tobacco industries—accounting for more than 90 percent of the total amount of economic losses. Concerning the issue of living expenses of urban residents, increases in the price index in various cities during January-October period are as follows: Beijing increased by 9.3 percent, Shanghai by 11.3 percent, and Guangzhou by 12.6 percent. As regards China's foreign exchange balance, he said in 1992 the foreign exchange balance [wai hui jie cun 1120 0565 4814 1317] might exceed \$20 billion. As regards the supply of credit [xin dai tou fang 0207 6313 2121 2397], he said it is estimated at 360 billion yuan in 1992, up 20 percent compared with last year. Zhang Zhongji emphatically pointed out that in 1993 the supply of credit should not "be drastically reduced," nor should it be overextended to support a high speed economic development.

Zhang Zhongji is convinced there are many favorable factors for economic development in 1993. He said: Judging from the cycle of economic development, if we exercise appropriate macrocontrol we can still maintain a relatively fast speed in economic development, but the extent of growth may be somewhat lower than this year.

Leap in Money Supply Fuels Higher Inflation Fears

HK3112050092 Hong Kong SOUTH CHINA MORNING POST (BUSINESS POST) in English 31 Dec 92 p 1

[By Geoffrey Crothall in Beijing]

[Text] China's money supply increased by about 30 percent this year, while bank loans were up 20 percent, reviving fears of higher inflation and economic overheating.

A senior government economist insisted, however, that although prices would continue to rise next year, China would not suffer the spiralling inflation which caused economic and social disruption in 1988.

Supply and demand were roughly in balance this year and there was no great pressure on the market, so "the potential for inflation was not as high as in 1988," Mr Zhang Zhongji, director of the State Statistical Bureau, said yesterday.

If the proper macrolevel controls could be implemented, price rises would be kept manageable, Mr Zhang said, adding that a moderate degree of inflation would benefit the economy.

But he admitted that with the growing influence of the market economy and private business, government macro controls were becoming more difficult to enforce.

Although bank credit had been reined in during the second half of the year, making a total of 360 billion yuan (about HK\$475 billion), Mr Zhang said the government could no longer simply rely on administrative controls to regulate the banking sector.

"Fine tuning of the market" was required instead.

The sharp increase in money supply, "slightly higher" than the government's estimate of about 90 billion yuan, was again largely the result of rapid growth in the private sector, he said.

The national retail price index this year increased by 5.3 percent over 1991, while the urban cost of living index rose by about 11 percent.

The cost of living in Guangzhou rose by 12.5 percent, while Beijing and Shanghai saw increases of 9.3 percent and 11.3 percent, respectively.

Mr Zhang stressed, however, that increases in the standard of living, both in rural and urban areas, had risen faster than inflation.

Average urban income grew in real terms to 1,800 yuan a year, while rural per capita income increased in real terms by five percent to about 770 yuan a year.

State Statistical Bureau officials admit privately that average urban incomes in many cases might be twice the official figure.

The official figures do not take into account bonuses or additional income earned outside the workplace.

What the statistics also fail to show, economists say, is the rapidly increasing gap between rich and poor in the major cities.

"People in the private sector are earning vast salaries now, 10 or 20 times higher than the average, and this trend shows no sign of slowing," a Beijing-based economic consultant said.

Measures To Boost High-Tech Enterprises Announced

HK3112040992 Beijing CHINA DAILY in English
31 Dec 92 p 1

[By staff reporter: "High Tech To Gather Momentum"]

[Text] China is ready to adopt a package of measures to promote the progress of its fledgling high-tech enterprises and development zones, a top Chinese science official announced in Beijing yesterday.

Song Jian, State Counsellor [spelling as published] and Minister of the State Science and Technology Commission, said that to strengthen China's high-tech competitiveness in the world market, the country has decided to establish more high-tech development zones, expand high-tech projects and mobilize more scientific personnel into the field.

Speaking at the closing ceremony of the Third National Conference of the Torch Project, which opened on Monday, Song noted that the current 120 State and local

high-tech development zones, which serve as the base of the country's high-tech enterprises, are far from sufficient in number.

He said his commission has mapped out a temporary set of provisions to ensure the establishment of more high-tech development zones to cater to the needs of both State enterprises and those of other ownership.

Anticipating a surge in high-tech enterprises in the near future, he said, the conference has outlined six areas of high technology for State and local development zones in fields such as electronics and information, biological technology, new materials, computerization of machinery, new energy sources, and environmental protection. Those areas will be given top priority in development.

Furthermore, the minister said, more scientific and technological personnel will be mobilized into scientific fields, as they shoulder the inventive work on new technology, the key to further development and competitiveness of the country's high technology.

To mobilize them, he said, the government is to provide them with a series of special incentives. Apart from better training, they can also receive rich rewards, better salaries and higher respect from society.

That is because the proportion of scientific and technological personnel involved in the promotion of high technology is quite small and needs to be increased, Song concluded.

Commentary on Strengthening Macroeconomic Control

OW3112110892 Beijing XINHUA Domestic Service in Chinese 2119 GMT Dec 24 92

[Commentary by reporter Zhang Jinsheng (1728 6930 0524): "Strengthening and Improving Macrocontrol"]

[Text] Beijing, 25 Dec (XINHUA)—The new situation of developing a socialist market economy has presented a new task for China's macroeconomic regulation and control over economic work—it is, how to guide the market and the economy as a whole to operate in a sound manner through enhanced and improved state macroeconomic regulation and control.

Then, how does the state exercise macroeconomic regulation and control while developing a socialist market economy? In macroeconomic regulation and control, state planning is one of the major means. Therefore, we need to acquire a new perspective on planning, improve planning methods, make better use of its appropriate functions and roles, and integrate the strong points of both planning and the market. Therefore, we must not pit the market against planning in the mistaken belief that a market economy does not need planning. We should understand that a socialist market economy is not an economy that has no need for state administration

and the guidance of planning, is not subject to any kind of regulation and control, and to be developed without any restraints. To develop a socialist market economy is to let the market play its fundamental role in allocating resources under the macroeconomic regulation and control of a socialist country. We should be aware that both planning and the market are means of regulating the economy. To give full play to the market's role and strengthen effective macroeconomic regulation and control by the state are the intrinsic prerequisites and basic components of a socialist market economy. Neither is dispensable. Certainly, China's market is still rather underdeveloped, and the functions of the market have not been fully utilized. Under this situation, it is absolutely necessary to stress the role of the market and devote great energies to cultivate and develop the market system.

In economic work, the principal task of state macroeconomic regulation and control is to keep the balance of economic aggregates and to maintain a basic balance among major sectors of the economy and in the structure, thereby creating a fine socioeconomic environment for the normal operations of the market. The key to exercising macrocontrol over economic aggregates is to control the flood gate of currency and credit. The banking sector must strictly control the volume of credits and monetary issues, and governments at all levels should see to it that lending plans are strictly implemented by local banks. Another task of macroeconomic regulation and control is the scale and pattern of investment in fixed assets. In a word, all sources of funding for capital construction, equipment renewal, real estate development, including additional lending, relending of loan repayments, bonds, stocks, and funds raised in society must be subject to the strict administration of planning. The third task of macroeconomic regulation and control is to step up guidance over and management of the development zones and real estate. Establishment of the economic, scientific and technological, industrial, and other development zones requires adequate feasibility study; overall planning; rational arrangement; and approval by governments at all levels in accordance with regulations. Preferential policies for development zones and foreign investment must be formulated in line with the authorities provided by the state. Besides, developing industrial policies and support measures for raising the economy to a new level, formulating sensible orientations, goals, and priorities for national or regional readjustment and structural optimization, and working out specialized plans for basic and pillar industries—these are also the tasks of macroeconomic regulation and control.

To strengthen and improve macroeconomic regulation and control, we must further reform the planning system and change, at a faster pace, the functions of planning departments. The establishment of a socialist market economy has set new, higher demands for planning. Planning departments at all levels should enhance their sense of urgency and responsibility for reform and carry

out, in a fundamental way, "eight transformations" in terms of the guidelines, contents, form, and methods of planning: Shifting from over emphasis in the past on microeconomic administration—setting indexes, allocating investments, approving projects, distributing goods and materials—to the study and formulation of strategies, principles, and policies for economic development; from over emphasis on direct control through administrative means to indirect control mainly through economic policies, levers, and regulations; from focusing mainly on economic activity of the state-owned sector to directing and regulating all socioeconomic activity in society; from emphasizing control over materials and quotas to management of values and guidance through policy planning and foresight; from lopsided emphasis on administration over industry and capital construction to guidance over all sectors of the economy—the primary, second, and tertiary industries—as well as over production, commodity circulation, distribution, and consumption; from the past practice of stressing administering supply to the neglect of market demands to a new approach that stresses the market, market changes, regulation of social demands, and, in particular, the development of the market and the establishment of a market system; from over emphasis on static balance between domestic economic activity and resource to a dynamic, open, planned balance through active utilization of both the markets, resources, and funds both at home and abroad; and from planned administration stressing control to macroadministration stressing coordination, services, and the idea of serving the grassroots and enterprises.

Establishing a socialist market economy will usher in a new historical phase in China's macroeconomic regulation and control. If we want to accomplish this historical transformation and properly set the position of macroeconomic regulation and control in our entire economic life, we must use the ideas of reform to guide our work and do a good job in the major undertaking of reinforcing and improving macroeconomic regulation and control.

Beijing Sets Up First Paging Network for Stocks

OW2912113992 Beijing XINHUA in English 1120
GMT 29 Dec 92

[Text] Beijing, December 29 (XINHUA)—China's first paging network for stock trading information was set up here today.

The system is designed to broadcast information about stock trading only 35 seconds after the information is announced in Shanghai and Shenzhen, where the country's only two stock markets are located.

The paging network also provides other special services, including information about foreign exchanges, and departure and arrival times of airplanes and trains.

The network is co-sponsored by the Catch Communications Company and the stock exchanges in Shanghai and Shenzhen.

Catch's General Manager Chen Li said that his company intends to set up similar networks in another 160 cities.

Russia, Bulgaria, Romania To Buy More Rice

HK2612040492 Beijing CHINA DAILY in English
26 Dec 92 p 2

[By staff reporter Wu Yunhe: "8,500 Tons of Rice To Be Shipped to E. Europe"]

[Text] Burdened by agricultural problems, the former Soviet Union, Bulgaria and Romania are importing more rice from China.

In newly-signed agreements, Russia will buy 2,500 tons of rice, Bulgaria is buying 5,000 tons of rice and 1,000 tons of this crop will be sent to Romania.

The deals for 8,500 tons of rice have been made with grain growers in Qingan County in Heilongjiang Province.

The rice is due to be delivered to these countries "by the end of this year," said Lian Jipo, head of the county.

Qingan County is named the "kingdom" of rice production in China as its per capita paddy fields rank at 0.15 hectares. This puts Qingan ahead of the country's more than 1,700 counties.

To accelerate the development of a world-wide rice sales network, Qingan has, for the first time sent 120 tons of rice to the Beijing Big Bell Temple Farm and Sideline Product Wholesale Market, one of the country's ten largest wholesale markets.

"By taking a foothold in the market, we can directly contact both domestic and foreign businessmen for sales of our high-quality rice," Lian said, while on a visit to Beijing.

The Big Bell Temple market is linked with the nation's other agricultural wholesale markets on a computerized network.

With a population of 340,000 people, the county has developed a paddy field of 10.2 hectares. But the nation's current declines in State purchasing quotas for farmer's grain is compelling the county to look for rice markets on its own from both home and abroad.

At present, the local farmers still have at least 100,000 tons of rice on hand this year.

Article Urges Taxation Law Enforcement System

HK2912135892 Beijing LIAOWANG in Chinese
No 44, 2 Nov 92 pp 2-24

[Article by Zhao Yining (6392 2011 1337): "The Astonishing Phenomenon of the Violent Rejection of Taxes"]

[Text] Tax collection has all along been a major source of state revenue as well as an important economic lever the state uses in its macroeconomic regulation, control, and supervision. With the development of a socialist market economy and the furtherance of the tax system reform, tax collection is bound to play a much greater role in industrial structural readjustment, capital construction scale control, consumption demand restriction, unfair social distribution eradication, and various other aspects.

Needless to say, as tax collection is being extended to a growing number of natural persons, contacts between tax collectors and taxpayers will become more direct and more frequent, which will result in more contradictions and conflicts between these two groups of people. The present problem is: Over the past few years, society has witnessed the occurrence of a series of incidents in which revenue departments are attacked, smashed, blasted, or ransacked, and a series of incidents in which tax collectors and their families are attacked, called names, humiliated or even intimidated, retaliated against, persecuted, and physically harmed.

Jin Xin, director of the State Administration of Taxation, once revealed the following figures: Every year, some 3,000 taxation workers are beaten up across the country, of whom some 200 become disabled after suffering serious injuries while some 10 are killed in service.

It is obvious to all that the state taxation departments are now challenged by cases of violent rejection of taxes. The figures themselves can prove only a little. Once you personally witness certain real and astonishing cases, you will no doubt come to understand that what is said above is a true conclusion so that you will certainly not hesitate to ask yourself this question: Why are people becoming increasingly violent in rejecting taxes?

What powers should be given to the taxation departments concerned so that they can effectively guarantee the operation of the government machine?

How much deterrent force does the law have against those who violently refuse to pay taxes?

Astonishing Facts

I first read about cases of violent rejection of taxes in some newsletters published by the State Administration of Taxation. The vivid, astonishing, and cruel incidents mentioned in the newsletters made me shiver. Here, I would like cite a few of them:

"On the afternoon of 3 November 1988, Liu Rongmao, a pork hawker without a business license, was seized by employees of the Yaqian Taxation Office in Jinxiang County of Jiangxi Province while purchasing live pigs from others. The Yaqian Taxation Office ordered him to pay 543 yuan in taxes. However, Liu Rongmao forcibly escaped in a van. Four taxation workers chased him in a car, but were stopped and brutally beaten up. The four taxation workers were tied up and put into a pig cage where they remained with the pigs. The men escorting the pigs even urinated over the taxation workers, who were then shut inside an old house where they were hung up and beaten one by one for five hours."

"On 8 September 1990, Li Meiying, assistant tax collector of the Queershan Taxation Sub-Bureau under Guangxi's Liuzhou City Taxation Bureau, ordered temporary pear hawker Zhou Caiping to pay tax of 3.27 yuan. Zhou refused to pay the tax, knocked Li Meiying off her feet, and brutally tore Li Meiying's skirt and underwear to pieces. As a result, Li Meiying was humiliated before an audience of more than 150 people in a public place for as long as 30 minutes."

"On 7 October, Jiang Kexin, clerk of the Taihe District Taxation Bureau of Jinzhou City, Liaoning Province, went to the Jiaqingle Restaurant on Tanghe Street to collect taxes. On the orders of Zhao Wenbin, owner of the restaurant, two men armed with knives dashed out of the restaurant to attack Jiang Kexin. Jiang Kexin resisted and escaped. On arriving home, Jiang called in his seven-year-old son and then locked the door. However, the two men broke into his house and stabbed Jiang 11 times and his son once, and then shouted: We want to kill a taxation cadre today!"

"On 22 May 1992, as 14 cadres from the Team Beijing Haidian District Taxation Bureau Second Inspection were inspecting bicycle tax payments, Wang, deputy director of Dongsheng Township People's Armed Forces Department in Haidian District, and 20 other men came forward and stirred up trouble without reason. They surrounded and beat the taxation cadres with fists and feet. As a result, the taxation cadres' uniforms were torn to pieces, more than 3,000 yuan of cash tax payments was scattered on the ground, and 849 yuan of state taxes was lost as several hundred people watched what was taking place, thus causing the most serious incident of taxation cadres being violently beaten up in the capital since the founding of the PRC."

According to analytical materials provided by Zhang Jianguo, director of the Beijing Municipal Taxation Bureau Security Department, some 15 incidents in which taxation cadres were beaten up took place in Beijing in 1991, 15 being injured and two disabled due to serious injuries. In the first nine months of 1992, some 21 incidents in which taxation cadres were beaten up took place, 26 being injured and one losing consciousness after having been severely beaten up.

In China, more than 30 million people have to pay taxes. They include units and individuals in the industrial, agricultural, commercial, educational, and military sectors as well as units and individuals operating under divergent ownership systems.

As far as the whole country is concerned, although the number of cases of violent rejection of taxes involving both state-run and collectively run units or enterprises has increased, the majority of cases have involved individually or privately run enterprises and private operators rather than state-run and collectively run units or enterprises, which have been involved in only a small number. This phenomenon is but a normal one. As regards the state-run and collectively run enterprises, paying taxes to the state is like taking money from one's right pocket and putting it into one's left, thus involving no fundamental conflict of interests. However, as regards the individually run and privately run enterprises, hawkers, and individuals, paying taxes or regulatory taxes to the state is definitely another cup of tea, because it means they have to take out what they have already put into their own pockets.

Nevertheless, it is the law that entitles the state to collect taxes and it is right and proper for taxpayers to pay taxes in accordance with the law.

Unconvincing Explanations

If this is the case, why is it that certain people are still trying to embark on a hazardous adventure in the face of the law? Is it because the tax rates are too high for taxpayers to accept?

On a street in Beijing where there are a large number of individually run restaurants, I interviewed a woman restaurant owner, who had once gone to college but had already quit her job in the public sector. When I asked her about the monthly taxes she had to pay, she said: "In running this small restaurant, I have to pay seven or eight types of tax every month, comprising operation tax, value-added tax, education surtax, individual industrial and commercial business income tax, urban environment protection and construction tax, contributions to the key energy and communications projects construction fund, contributions to the state budgetary regulation fund, and individual income regulatory tax, with tax rates ranging between 1 and 15 percent. On average, I have to pay approximately 3,000 yuan in taxes every month. She said that such a tax rate is still acceptable to her and produced this vivid metaphor: Every month, I have to work for myself for 27 days and work for the state for three days.

However, when I arrived at a market early one morning, the situation I encountered was another world. The hawkers had just prepared their vegetables and there were few customers there. On learning that a reporter had come to interview them on the tax issue, some vegetable hawkers from Hebei came up and addressed me at once: "Selling vegetables is a business which yields only a small profit. But we have pay high taxes day in,

day out!" When I asked them what taxes they had to pay, some of them counted on their fingers, saying: "The industrial and commercial management tax, hygiene tax, security tax, stall tax, and market trade tax." When I told them that the first few they had mentioned were not real taxes, they were shocked, saying they could not understand this. They believed that all the fees they had to pay were taxes.

"Failure to distinguish taxes from charges" has caused a host of difficulties to taxation work. When people think that all the charges collected in the market are taxes, it is often the taxation workers rather than those who levy the charges who are called names and beaten up. Ma Yimin, chief of the Haidian District Taxation Bureau, repeatedly explained to this reporter that there is a great difference between charges and taxes. Taxes are collected on behalf of the government, whereas charges are levied by the management departments concerned on the basis of the services they render. Confusing taxes with charges or taking charges as taxes has given rise to misunderstandings on the part of ordinary people, who turn to believing that they have to pay more taxes. Such confused understanding can easily give rise to erroneous behavior.

Is it because the taxation workers are dishonest in discharging their duties?

It is true that in the eyes of ordinary people, tax collection is an extremely tempting job. Some people even regard it as a lucrative job. In interviewing people, I was very careful in touching on the issue of the honesty of taxation officials. However, to my great surprise, no respondent feared discussing the issue with me. Wang, deputy chief of the Fengtai District Taxation Bureau, told me: The Fengtai District Taxation Bureau has 500 cadres. Over the past three years, the bureau has disciplined more than 30 cadres and dismissed seven. The number of cadres who have violated discipline accounts for about 0.06 percent of the total. It is true that certain people in the taxation brigade have abused their powers by extorting cash from taxpayers and allowed taxpayers to evade taxes or pay less taxes so that they can take away their commodities or eat their food free of charge. Some people have even abused their powers by deliberately creating difficulties for taxpayers, thus further intensifying contradictions.

Of course, these incidents cannot be regarded as the main cause of cases of violent rejection of taxes.

Despite this, the taxation departments concerned have made unremitting efforts to standardize the behavior of both tax collectors and taxpayers. This reporter learned that Li Ziqing of the Baotou City Taxation Bureau has put forth an "open and cyclical taxation and tax collection management pattern." The departments concerned claimed that this new taxation and tax collection operative mechanism will integrate three aspects of work, comprising ideological and political work, tax collection management work, and tax payment examination and

inspection work, and will thereby transform an environment in which people are easily tempted onto an erroneous track into an orderly and feasible environment.

The Root Cause Is Lack of Strong Taxation Methods

It is known to all that even in ancient times, people had to contribute grain to the emperor and pay taxes to the state. Now all countries in the world have clear-cut tax laws and regulations. Taxation is a way in which the state forcibly obtains financial revenue gratis in accordance with the law, whereas paying taxes in accordance with the law is the duty of each and every citizen. Taxes account for 90 percent of China's financial revenue. This part of the financial revenue, which amounts to 300 billion yuan, is the basis upon which the state machine can operate in a normal way and is the pillar of China's modernization drive. As mentioned above, China's tax rates are not too high for taxpayers to bear. The majority of tax collectors are basically honest and able to perform their duties in accordance with the law. China's taxation system is still undergoing reform. Why is it that the number of cases of violent rejection of taxes has increased? What is the root cause of this problem? After analyzing the problem, I believe that its root cause lies with taxpayers.

For many years, staff and workers of enterprises owned by the whole people had virtually no direct contact with tax collectors. Therefore, it is not surprising that they are totally ignorant of taxes. With deepening reform and opening up, various economic factors have emerged, especially individually or privately run enterprises, while a policy allowing people to have two jobs at the same time has also been implemented. In consequence, the number of nonentrepreneur taxpayers has also grown rapidly. However, many among this group of people know nothing about taxes. This development has further complicated the onerous taxation work. Moreover, China has a small number of tax categories compared with other countries. In the past, China levied only one tax in a unified way. Now China is levying 42 taxes, charges, and contributions to various funds. This change inevitably demands stronger policies and professionalism. In the wake of such a drastic change, very often people who still do not quite understand the old tax categories have to confront new tax laws and regulations. The tax workers themselves also have to learn many new taxation regulations and have to be extremely careful in dealing with taxpayers, especially nonentrepreneur taxpayers.

In addition, poor quality and lack of consciousness on the part of some taxpayers has made taxation work more difficult. There is no denying that the individually or privately run enterprises have now become a beneficial supplement to an economy operating under the socialist public ownership system.

However, lack of consciousness and knowledge on the part of taxpayers alone are not the cause of cases of

violent rejection of taxes. The crux of the problem is poor quality on the part of taxpayers.

It was learned that Beijing now has more than 115,000 individually or privately run enterprises, several hundred country fairs, and a large number of hawkers. In recent years, these figures have risen rapidly. The statistics released by the taxation departments show that one-third of those doing business at the country fairs are people who have undergone re-education through labor, some of whom have not yet quit their bad habits. Ma Yimin, chief of Beijing's Haidian District Taxation Bureau, said that last year the bureau collected 3.61 billion yuan of taxes, of which taxes collected at the country fairs accounted for 10.31 million yuan, while individual regulatory taxes accounted for 6 million yuan. In the meantime, nearly all cases of violent rejection of taxes took place at the country fairs. Therefore, the bureau employees had to spend more time, make more efforts, and take bigger risks when working at the country fairs.

It is under such circumstances that the broad masses of the taxation workers have actively performed their duties with a strong sense of responsibility. The statistics show that over the past few years, the state has been able to recover 4-6 billion yuan of evaded taxes annually, including industrial and commercial taxes, contributions to various funds, and charges levied by the taxation organs. In collecting every cent of the money, the broad masses of hardworking taxation workers have had to overcome untold hardships. They have had to climb mountains, cross rivers, and shed both sweat and blood. However, what they are worried about is not the hardships and difficulties involved in their work, but the lack of legal penalties for people who refuse to pay taxes, especially those who violently refuse to pay taxes, at a time when China is building a market mechanism and refining its taxation system.

Beijing has three famous villages named Chao, Hai, and Feng respectively, namely, Yangrouchuan Village in Haidian District, Yanjing Village in Chaoyang District, and Zhejiang Garment Village in Fengtai District. Wang Shugui, deputy chief of the Fengtai Taxation Bureau, told me that between 23 March and 20 April this year, the bureau sent more than 100 cadres to Zhejiang Garment Village to collect taxes and obtained 140,000 yuan of taxes within one month. The bureau obtained another 0.3 million yuan of taxes between 25 May and 25 June this year. On average, the bureau is able to collect approximately 200,000 yuan of taxes every month and less than 2.5 million yuan every year.

Not long ago, an article in BEIJING WANBAO [BEIJING EVENING NEWS] entitled "A Visit to Zhejiang Garment Village" claimed that the village has a population of 28,000. The taxes paid annually by the people living in the village can be used to build a flyover, which costs nearly 100 million yuan. This shows a big gap between the amount of taxes actually collected and the amount of taxes that should be collected. Deputy Bureau

Chief Wang told me that a lot of taxation workers are beaten up, bitten, or illegally detained when they go to collect taxes. Their bicycles are stolen if they go to collect taxes by bicycle. They are called names, jeered at, pushed, assaulted, and kicked in the lower part of the body when they go to households to collect taxes. The state has only authorized the taxation departments to read aloud the "Taxation Law" in a civilized way and take certain commodities in lieu of tax payment, which are by no means effective taxation methods. Moreover, those who fail to pay less than 100 yuan of taxes and those who refuse to pay 30,000-50,000 yuan of taxes cannot be penalized by the law. Article 121 of the "PRC Criminal Law" stipulates: Those who violate the tax law to a serious extent can be sentenced to up to three years imprisonment or detained. However, the amount of taxes involved in such a case should be between 5,000 and 300,000 yuan. On the other hand, the state stipulates in explicit terms that those who embezzle more than 10,000 yuan can be executed. Moreover, disputes can easily break out if taxation workers detain the goods of taxpayers on the spot. Once a conflict breaks out, a third party has to be called in to arbitrate the case and the two parties involved in the conflict have to be sent to the police station where they have to wait for the settlement of their dispute. The taxation workers I interviewed told me that it is often the case that when they and those who refuse to pay taxes arrive at the police station, the policemen will impartially handle such "civil disputes" by asking both parties to the dispute to wait outside the police station. Sometimes, they will have to wait outside for half a day before the dispute can be settled. Therefore, it is quite natural that the tax collectors have a lot of complaints to make about the way their disputes are settled. What they are doing is collecting taxes for the state! The tax collectors often make this complaint: The industrial and commercial, price, inspection, and auditing departments have the power to freeze people's accounts, whereas the taxation departments do not have such a power. The industrial and commercial departments have the power to check and confiscate commodities and revoke business licenses, whereas the taxation departments do not have such a power. How can we fulfill our onerous task with such pale and weak taxation regulations? The tax collectors demand that the law enforcement executive power of the taxation organs be strengthened and the toughness of the taxation law be enhanced.

Of course, when we say that taxpayers are the main cause of cases of violent rejection of taxes, we also recognize the fact that some tax collectors of poor quality should equally be held responsible for such cases.

Is It Possible To Turn Wishes Into Reality?

Law enforcement, especially taxation law enforcement as a pivotal component of state law enforcement, has always been compulsory in nature. Now in any society, taxation is at once an important source of state revenue and a powerful lever of economic regulation owing to its compulsory nature and legal guarantee. In this sense, no

matter how soundly structured a taxation management system is, it would still be impossible to effectively carry out taxation if there were no legal guarantee, strict taxation laws and regulations, and strong taxation law-enforcement institutions. Now the law-enforcement organs within the taxation departments are the weak links in the entire tax collection legal guarantee system. In consequence, the taxpayers who violently refuse to pay taxes regardless of the law are very often immune to legal penalties. There are various reasons behind this phenomenon. However, the fundamental reason is the absence of a police force and an independent judicial system capable of guaranteeing taxation work.

In recent years, some grass-roots taxation departments have issued strong calls for setting up an independent judicial system, including a tax inspection authority and a tax police force. What is the situation now? There seems to be a host of difficulties involved in setting up a tax police force. First and foremost, people simply cannot do away with this concept: The taxation departments are just a component of the state administrative departments and are thereby the public servants of the party and the people. How can they try to collect taxes with guns in their hands? Second, many people have this worry: Will the tax police force have too much power once it is set up? Will there be any mechanism to control it? Will its operation give rise to corruption?

Internationally, some countries and even the Taiwan authorities have attached great importance to setting up guarantee systems for taxation law enforcement, which ensures effective enforcement, and have set up tax police forces and tax judicial institutions with such special powers as investigation, seizure, and trial. For example, the U.S. Department of Treasury State Revenue Bureau controls three police units. In accordance with U.S. common law, the tax police can inquire of, detain, interrogate, and search suspects according to certain procedures. The Italian Ministry of Finance has under its control a 20,000-odd-man armed tax police force commanded by a four-star general appointed by the Italian cabinet. This tax police force, nicknamed the Finance Guard, is responsible for investigating tax evasion cases and safeguarding financial and taxation order. The tax police usually investigate and handle cases which are discovered but which cannot be settled by the tax auditing departments. If such cases are found to be too complicated to be handled by the tax police, they will then be referred to the courts concerned. On the question of setting up tax judicial institutions, the United States, Germany, Canada, Britain, France, and Japan have all set up comprehensive tax judicial systems and special courts to handle tax cases. The tax courts mainly handle tax disputes. The United States has a comparatively comprehensive tax judicial system. The U.S. Department of Justice Tax Bureau can prosecute people accused of tax-related deception and dereliction of duty. By comparison, China's intermediate courts have only one section each, staffed by two or three people, with special responsibility for tax cases. Such a small group of

people handling such a large number of tax cases is indeed incompatible with rapid economic growth.

In fact, although it is difficult to set up a tax police force in the foreseeable future, China's taxation departments have set up on a trial basis a total of 441 various types of tax public security organs. Jilin and Heilongjiang Provinces have set up tax public security organs at all levels and have achieved gratifying results in this regard. According to the statistics provided by 23 provinces, municipalities, and autonomous regions, the tax public security organs have thus far handled 6,957 various types of tax cases, accounting for 98.8 percent of the total number of tax cases; detained 841 people acting unlawfully; and turned some 48 people over to judicial organs for trial, 22 of whom have thus far been sentenced to imprisonment. In the meantime, 26.62 million yuan of taxes has been recovered, 0.172 million yuan of delayed tax payments handed over, and 0.176 million yuan in fines collected. Generally speaking, the tax public security organs have enhanced tax collection and taxation management work to a large extent, made headway with comprehensive harnessing work, and safeguarded taxation order. However, due to a lack of smooth coordination and implementation among three sectors, comprising leadership structure, organizational establishment, and responsibilities, this experiment has also been fraught with problems.

The comrades of the public security departments said that at present, the public security organs, procuratorates, and courts handle tax cases with clearly defined responsibilities. While tax evasion cases are handled by procuratorates, cases of violent rejection of taxes, which undermine social order, are handled by the public security organs. Recently, in view of a rapid increase in the number of cases of violent rejection of taxes, the Ministry of Public Security, authorized by the State Council, has decided to set up a market order management bureau and select and transfer a special police unit to handle criminal cases in the industrial, commercial, and taxation fields which are undermining social order.

It seems that setting up an independent tax judicial system, a tax procuratorial system, and a tax police force is not only a demand raised by the taxation departments. Rather, it is a natural conclusion aimed at pushing ahead with overall economic growth and thereby an indispensable component of the operative mechanism of the new economic structure.

National Coal Firm To Close 30 Inefficient Mines

HK2812075092 Beijing CHINA DAILY
in English 28 Dec 92 p 2

[Article by staff reporter Chang Weimin: "Massive Lay-Offs in the Coal Sector"]

[Text] China National Coal Corporation [CNCC] is to close 30 inefficient mines in 1993, laying off more than 30,000 workers.

Officials from the coal corporation, which has been run at a huge loss for decades, said that non-interest loans from the central government are to be made available as compensation.

The loans, which will be provided through employers, will amount to around 10,000 yuan (\$1,720) for each laid-off worker to help them obtain jobs in the service sector.

In 1993, the corporation will lay off an additional 70,000 workers from its operational subordinate companies and shift them to the service and other non-coal producing industries.

The corporation, which employs some 3 million persons involved in producing 370 million tons of coal a year, hopes the massive lay-offs will help it to become profitable within three to five years. It plans to move a total of 400,000 workers out of coal mining during the State's Eighth Five-Year Plan period (1991-95).

Some 100,000 workers have already been laid off from coal mines. Corporation officials said most of them have found jobs in other sectors.

Nineteen mines were closed in 1992. Before that, CNCC had run a total of around 480 mines.

The central government will support CNCC in expanding service businesses to absorb the lay-offs by providing it 2 billion yuan (\$344 million) in soft loans each year up to 1995.

"We have to stop operation of the mines. We're determined to do that or else we cannot put an end to the present difficult situation," Wang Senhao, president of CNCC, said at a press conference over the weekend.

China Daily has learned that another big-name corporation for overseeing State-run coal mines in North and Northeast China is also planning massive lay-offs to increase efficiency.

In China, some 7 million people are involved in producing 1.1 billion tons of coal a year. Experts say that with such a massive workforce, it is difficult to cut production costs.

Each year in the past, the central government had to pump subsidies worth billions of US dollars to maintain the State-run coal mines.

Prices of coal, under government control for decades, have been low, failing to meet production costs, while prices of materials for mining, such as steel, wood and electricity, have been on the rise.

The central government has allowed prices of 20 percent of the coal CNCC produces to fluctuate to market level this year. In 1993, the percentage will rise by 37 points.

The government is now adopting a step-by-step strategy to get coal prices entirely up to market levels within several years.

Oil Industry Fulfils Plan Ahead of Schedule

*OW2912113492 Beijing XINHUA in English
1113 GMT 29 Dec 92*

[Text] Beijing, December 29 (XINHUA)—China's oil industry produced 142 million tons of crude oil this year, fulfilling the state's production plan for this year ahead of time.

An official from China National Petroleum Corporation (CNPC) reported today that China's land oilfields produced more than 138 million tons of crude oil this year, 880,000 tons over last year; while the output of natural gas reached 15.1 billion cu m [cubic meters], an increase of 200 million cu m.

Zhou Yongkang, deputy general manager of the CNPC, said that this year China exported crude oil of more than 20 million tons, valued at 2.6 billion yuan.

Zhou added that western China is the major area accounting for this year's crude oil increase. In the past few years a number of new oilfields have been constructed in the three large basins of Tarim, Turpan and Junggar in the Xinjiang Uygur Autonomous Region. This year western China produced 12.6 million tons of crude oil, an increase of 1.2 million tons over last year.

Zhou said that this year all the 20 major oil and gas fields have fulfilled their production targets. Daqing oilfield, China's largest oilfield, has produced 55.65 million tons of crude oil, and for 17 successive years it has maintained its output of over 50 million tons.

He said the prospecting of oil and gas has achieved remarkable progress this year as well. Oil prospecting has had new findings in northeastern, eastern, western and some other parts of China; the verified natural gas reserves increased more than twice over this year's plan, setting a record and fulfilling the target set in the Eighth Five-Year Plan (1991-1995) three years ahead of time.

With approval from the state council, the especially large gas field verified this year in northern Shaanxi Province is to be developed soon, and long-distance pipelines will be laid to send natural gas to Beijing, Xian, Yinchuan and some other cities, and the other oilfields in Xinjiang and Qinghai will send gas to Urumqi, Xining and Lanzhou to improve their fuel structure.

National Meeting Opens on Petrochemical Industry

*OW2512133692 Beijing XINHUA in English
1325 GMT 25 Dec 92*

[Text] Beijing, December 25 (XINHUA)—China is speeding up its preparations for establishing petrochemical products trade centers in Guangzhou, Lanzhou and Wuhan, according to sources from a national meeting on the petrochemical industry which opened here today.

Another three petrochemical products trade centers in Pudong, Shenyang and Tianjin have already opened business earlier this year.

Sheng Huaren, general manager of the China Petrochemical Corporation (Sinopec) attending today's meeting, said that on the basis of spot transaction, these trade centers will soon open futures trade. The centers will become permanent places for regular and irregular goods-ordering to replace the annual national goods-ordering fair.

Sheng said that this year 30 percent of the crude oil needed for the production of Sinopec came directly from the market, while over 40 percent of its products enter the market directly.

Sinopec, established in 1982, manages the vast majority of China's petrochemical enterprises. This year it processed 106.36 million tons of crude oil, over 89.3 percent of the country's total; while its production of gasoline, kerosene, diesel and lubricating oil accounts for 92.5 percent of the country's total.

Sheng said, to cater to the needs of opening and reform and the development of market economy, Sinopec has decided to cut down the number of staff members and to establish 11 specialized companies, which will carry out independent business activities around the general target of promoting the petrochemical industry.

The efforts made by Sinopec in improving management and developing market economy have greatly helped to raise economic efficiency. The fixed assets of Sinopec have increased from 21 billion yuan in 1982 to the present 123.4 billion yuan, and the industrial output value has had an annual average increase of over eight percent.

Sheng said that in the past 10 years Sinopec has handed in a total of 127 billion yuan to the state treasury, becoming one of the country's steady financial sources.

Views Sinopec's 1992 Activities

OW2512134992 Beijing XINHUA in English
1338 GMT 25 Dec 92

[Text] Beijing, December 25 (XINHUA)—The foreign trade of the China Petrochemical Corporation (Sinopec) has achieved steady progress this year, with its total export value predicted to reach 1.28 billion U.S. dollars, according to sources from a national meeting on the petrochemical industry which opened here today.

Sinopec manages nearly all of China's petrochemical enterprises, basically representing the development conditions of China's petrochemical industry.

General Manager of Sinopec **Sheng Huaren** said that this year the corporation signed foreign fund using contracts of 1.7 billion U.S. dollars.

He said the ethylene projects in Maoming, Guangzhou and Tianjin, the chemical fibre project in Liaoyang, the

styrene project in Daqing and a number of other key foreign-funded projects have already signed contracts; while the chemical fertilizer projects in Jiujiang, Lanzhou and Urumqi are to be signed soon.

Meanwhile, the state has ratified the project proposals for the Shanghai Petrochemical Complex to construct a six million-ton refinery jointly with a French company and Jinling General Petrochemical Company to construct a 50,000-ton alkylbenzene plant jointly with a Taiwanese company.

In addition, a number of medium-sized and small foreign-funded projects are being discussed.

Sheng added that Sinopec has also made big progress in contracting overseas engineering projects, including a refinery extension project in Bangladesh and an oilfield construction project in Russia. Sinopec has also won a bid in the reconstruction projects of Kuwaiti refineries.

More on Sinopec

OW2612150892 Beijing XINHUA in English
1333 GMT 26 Dec 92

[Text] Beijing, December 26 (XINHUA)—China's petrochemical industry has processed 119 million tons of crude oil this year, an increase of 43.3 percent over the figure for 1983.

Since the China Petrochemical Corporation (Sinopec) was established in 1982 to oversee the country's petrochemical enterprises, the oil refining industry has experienced great changes.

According to sources at an ongoing national meeting in Beijing on the industry, this year the output of the four major oil products of gasoline, kerosene, diesel and lubricating oil has amounted to 60.45 million tons, up 72.5 percent from 1983; while the output of ethylene was three times the figure for 1983.

General Manager of Sinopec **Sheng Huaren** said that the oil and petrochemical products the corporation supplies to the society have developed from some 800 varieties in 1983 to more than 1,500 varieties in 1992, with the volume increasing from 70 million tons to over 100 million tons, basically meeting the national needs.

Sheng said that in the past 10 years Sinopec has invested 70.4 billion yuan (some 12.1 billion U.S. dollars) in fixed assets, building four 300,000-ton ethylene projects, three large chemical fertilizer projects and two large chemical fiber projects, as well as building or extending large oil refineries in Luoyang and Shijiazhuang cities, and Fujian Province.

During this period the technological and equipment level of Sinopec has also achieved further improvement, accomplishing 2,020 scientific findings, of which a large part have been turned to practical production.

So far, Sinopec has set up economic, technological and trade relations with more than 1,000 companies, enterprises and banks in some 50 countries, and established branches and offices in nine countries and regions. It has also founded more than 50 foreign-funded enterprises of different sizes.

In the past 10 years Sinopec's export of oil and petrochemical products has accumulated to over 55 million tons, valued at 11 billion U.S. dollars, while it has in return used more than six billion U.S. dollars-worth of foreign funds.

Construction To Increase Hydropower Capacity

OW3012075792 Beijing XINHUA in English
0736 GMT 30 Dec 92

[Text] Kunming, December 30 (XINHUA)—Hydropower construction has entered a new phase in China as work on the construction of a batch of huge hydropower stations with total installed capacity above 4 million kw will start in 1993.

Zhong Jiayao, general manager of the China National Hydraulic Engineering Company, said the proposed Longtan hydropower station in the Guangxi Zhuang Autonomous Region will have an installed capacity reaching 4.8 million kw.

The Three Gorges power station on the Yangtze river will have an installed capacity reaching 17.68 million kw.

He said that the Xiaowan and Nuozhadu hydropower stations, to be built on the Lancang river in southwestern China's Yunnan Province, will have installed capacities of 4.2 million kw and 5 million kw respectively.

The Lubuge hydropower station, to be located on the border of Yunnan and Guizhou Provinces, will be the first engineering project in China to invite international bids.

Zhang said that, so far, the hydropower stations with installed capacities above 1 million kw now under construction include the Guangzhou pumped-energy storage power station, the Shuikou hydropower station in Fujian, the Manwan station in Yunnan, the Yantan station in Guangxi and the Geheyuan station in Hubei Province.

Largest Huang He Power Project Contract Signed

OW2612125792 Beijing XINHUA in English
1127 GMT 26 Dec 92

[Text] Xining, December 26 (XINHUA)—A contract on manufacturing five generating units for the Lijiaxia Hydro-Power Station, the largest on the upper reaches of the Huang He, was recently signed.

The station, one of the state key projects in the Eighth Five-Year Plan period (1991-1995), is jointly-funded by

the central government, provinces of Qinghai, Gansu and the Ningxia Hui Autonomous Region.

The designed total capacity of the station stands at two million kilowatts. Each of the five generating units has a capacity of 400,000 kilowatts.

According to the contract, Deyang Dongfang Electrical Machinery Plant in Sichuan Province will finish the first generating unit in 1995.

With the completion of preparations early next year, construction of dams will be started in next March.

State Approves Huang He Water-Diversion Project

SK3012112592 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 29 Dec 92

[Text] Recently, the state formally issued a document approving the building of the first-stage project of diverting Huang He water to Yantai. This project will give full play to the potential of the project of diverting Huang He water to Qingdao, by prolonging the time of water transmission, increasing the discharge of water, and optimizing the dispatch of water, to transmit the diverted additional water to the areas around Laizhou Wan to gradually change the situation that fresh water has been in short supply and seawater has been seriously soaking into the soil in Laizhou, Zhaoyuan, Longkou, and Changdao counties and cities. After the completion of this project, not only the problem that seawater has been soaking into the soil in the areas around Laizhou Wan will be solved, the economic efficiency will also be extremely considerable. The planned construction period of this project is three years and the total investment is projected at 1.58 billion yuan. At the moment, Yantai city is going all out to make preparations for the beginning of this project to enter the implementation stage as early as possible.

'Verified' Mineral Deposits Show Increase

HK3012021692 Beijing CHINA DAILY in English
30 Dec 92 p 1

[By staff reporter Xie Yicheng: "A Big Year for Harvest in Geology"]

[Text] Geological prospecting teams this year have verified a marked increase in the country's known reserves of 37 kinds of important minerals, cementing China's status as the world's third largest mineral giant behind the U.S. and Russia.

Compared with last year, the verified deposits of natural gas were up 182 percent; copper 199 percent; gold 49 percent and salt 137 percent. Zhang Wenju, Vice-Minister of Geology and Mineral Resources revealed yesterday in Beijing.

As many as 171 new mining areas were detected nationwide this year which were eligible for industrial development, Zhang said.

Most notable is a rich gold mine in Qianan County, Hebei Province, a copper mine in Lipo County, Yunnan Province and a large lead, zinc and silver mine in Youxi, Fujian Province.

A gas well recently dug in Markit at the northwest of Tarim Basin in Xinjiang gushes 86,000 cubic metres of natural gas a day, which Zhang portrayed as "a strategic breakthrough" in the oil and gas survey of the very promising basin.

Probe drilling in the west of Bohai Bay and near west of Hainan Island proved successful in the recovery of abundant offshore oil and gas resources.

There also was remarkable headway in continued prospecting of 71 existing mining areas, Zhang said.

The newly verified reserve will help a silver mine in Longan County, Guangxi Zhuang Autonomous Region, a silver mine in Fengxiang County, Liaoning Province and a gold mine in Baotou City, Inner Mongolia develop into large or super-sized ore fields.

In a related development, a pair of bittern wells successfully were butted at a depth of about 600 metres and put into high-efficiency operation in Xiangheng Salt Mine, Hunan Province last month—unprecedented in the world's salt development. The new technique, compared with the traditional one, will raise salt output 10-15 percent while cutting energy consumption by 10-15 percent and also shows rosy prospects in application to underground coal gas and terrestrial heat development.

Water Projects Solve Shortage for 3.4 Million

OW2412133592 Beijing XINHUA in English
1256 GMT 24 Dec 92

[Text] Beijing, December 24 (XINHUA)—Major water conservancy projects undertaken in China this year overcame water shortage for 3.4 million people, a water conservancy official said here today.

The director of the Department of Rural Water and Soil Conservancy, Zhang Yue, told a news conference that by mid-December, nationwide water conservancy projects had helped bring another 280,000 hectares of farmland under irrigation.

A further 640,000 ha of water logging and low-yield farmland was improved, he added.

Zhang said that east China's Shandong Province, which was alternately ravaged by drought, floods and water shortages, has been the focus of attention for water conservancy.

The provinces of Jiangxi and Fujian and Zhejiang in east China and Hunan Province in central China, hit by

floods and storms this year, have been repairing damaged water conservancy projects.

Some local governments have increased investment in water conservancy by using loans, including money raised overseas, said Zhang.

Apart from government investment, county and township water conservation funds totalling 1.68 billion yuan have been set up in about 700 counties in 20 provinces.

Zhang said water and soil erosion has been brought under control on about 6,600 sq km of farmland in Gansu, Shaanxi, Shanxi and Liaoning Provinces in northern China.

Wan Li, Tian Jiyun Launch Dalian Railway

OW2912021892 Beijing XINHUA Domestic Service
in Chinese 0903 GMT 21 Dec 92

[By Pan Shantang (3382 0810 2768) and Wang Yanrong (3769 1693 2837)]

[Excerpts] Qinhuangdao, 21 Dec (XINHUA)—Amid thundering salutes and boisterous drums, Chairman Wan Li, the veteran railway minister in the 1970's, briskly walked toward the red-carpeted rails and cut the long strip of red silk cloth. Instantly, a long steam whistle was heard and a Yunshan-1 electric locomotive, draped with colorful festoons and towing over 50 cars loaded with coal, moved slowly, like a purple-red steel dragon, toward the no. 3 coal wharf of Qinhuangdao port. The Datong-Qinhuangdao railway—a strategic artery of China's economic development—was officially opened to traffic today. The State Council sent a congratulatory cable for the occasion, and Vice Premier Tian Jiyun made an important speech at the opening ceremony. [passage omitted]

The railway line involves a set of projects, including a 653-km line between Datong and Qinhuangdao, coal storage and loading facilities in northwestern Shanxi Province, the third phase of the Qinhuangdao port project, and port power-supply facilities. This major, 820-million-yuan project was officially launched in January 1985. Thanks the cordial concern of the State Council, generous support from the local governments and populations along the railway line, and the hard work of 100,000 construction, designing, and research personnel over the past eight years, the project and all its auxiliary facilities were completed by the end of this year. During the first phase of the project, completed and put into operation in late 1988, 130 million metric tons of coal were shipped in the past four years—freight volume for 1992 alone is estimated at 42.8 million metric tons, which includes the project's shipping 85 percent of an additional 8 million metric tons of coal from Shanxi this year, which yielded huge economic and social benefits.

Chairman Wan Li and Vice Premier Tian Jiyun inspected the entire Datong-Qinhuangdao railway line

yesterday. Today at the construction site, Chairman Wan Li received officials and representatives of the participating construction units and waved to the Railway Ministry staff and workers attending the ceremony. In his speech, Vice Premier Tian Jiyun fully affirmed and praised the railway builders' tremendous accomplishment and spirit of hard work. He said: The Datong-Qinhuangdao railway marks a new phase in the modernization of China's railways and a glorious chapter in the annals of China's railroad development. Making fuller use of the railway line—a strategic artery for shipping coal from west to east and a major trunk line with huge transport capacity—is of great strategic importance to accelerating development of coal mines in the northwest and to easing energy shortages in east and south China.

Vice Premier Tian Jiyun pointed out: Under the guidance of the spirit of 14th CPC National Congress, China has entered a new phase of reform, opening up, and economic construction. Today, the increasingly acute shortages of railway transport capacity have become a salient weak link affecting the overall situation. The CPC Central Committee and State Council have designated the development of communications and transportation as the number-one priority in the construction of infrastructure facilities. The tasks of railway development in the periods of the Eighth and Ninth Five-Year Plans are tremendous and formidable. He urged railway cadres and workers and local government to earnestly sum up and publicize the successful experience and advanced

technology gained from the construction of the Datong-Qinhuangdao line, accelerate railroad construction, greatly increase their transport capacity, and make fresh contributions to raising the national economy to a new level.

Trade Union Message Urges Supporting Reforms

*OW281231492 Beijing XINHUA in English
1255 GMT 28 Dec 92*

[Text] Beijing, December 28 (XINHUA)—The All-China Federation of Trade Unions (ACFTU) has sent New Year's greetings to all workers, calling on them to actively support and participate in the on-going reforms.

Xue Zhaojun, spokeswoman for the federation, said today that the ACFTU will also send eight groups to over 10 provinces to convey greetings to grass-roots workers. A special fund of more than three million yuan has been raised with local unions contributing some money and materials to coordinate the activity.

The groups including four vice-chairmen and four secretaries of the ACFTU, will mainly visit loss-making enterprises, those which have ceased or slowed production, and workers facing practical difficulties.

The ACFTU describes the activity as "bringing warmth to workers." The same program was carried out last year to express support and understanding to workers in flood disaster areas, with an in-put of more than 70 million yuan.

East Region**Shandong Secretary Chairs Veteran Cadres Meeting**

SK3112081492 Jinan DAZHONG RIBAO in Chinese
10 Dec 92 p 1

[Text] On the afternoon of 9 December, at the Zhenzhuquan People's Meeting Hall in Jinan, the provincial party committee and government cosponsored the meeting of veteran cadres of the organs directly under the provincial authorities to report them on the province's situation in reform, opening up, economic development, and the building of spiritual civilization since the beginning of this year and on the basic ideas for the economic work of the next year.

Jiang Chunyun, secretary of the provincial party committee, presided over the meeting. Li Chunting, deputy secretary of the provincial party committee and vice governor, made a speech at the meeting.

Li Chunting said: This year marks the large-scale reform, opening, and development, and fruitful achievements in the building of material and spiritual civilizations. Like the country as a whole, our province has witnessed a very good situation this year. The ideas of the vast numbers of cadres and the masses have been further emancipated, new breakthroughs have been made in reform and opening, economic development has been accelerated in an all-round way, the agricultural production front has maintained a stable development after conquering serious natural calamities, industrial production has increased at a high speed, economic efficiency has picked up by a large margin, markets have been brisk, commodity prices have been stable, foreign trade has been expanded further, a breakthrough has been made in utilizing foreign investment, the investment in fixed assets has increased greatly, the construction of key projects has been speeded up, financial revenues have gone up steadily, the banking situation has been relatively normal, residents' income has risen continuously, and the actual production level has been enhanced. As shown by the economic operational situation since the beginning of this year, the province's economy has entered the stage of comprehensive development and high-speed growth. So long as we successfully seize the opportunity of development and take full advantage of the current favorable situation, the strong trend of economic growth will be kept on.

Li Chunting pointed out: Since the beginning of this year, the provincial party committee and government have emphatically grasped the work in the following four aspects: 1) They have further emancipated the minds and renewed concepts; 2) they have formulated the fighting goals and development strategy for pushing the economy onto a new stage; 3) they have seized favorable opportunity to promote reform and opening up; and 4) they have positively promoted the building of spiritual civilization by persisting in the principle of grasping both economic and spiritual work.

Li Chunting pointed out at conclusion: Such a good situation of Shandong is inseparable from the good foundation laid by veteran comrades. Every step in our cause is filled with the blood and sweat of fellow veteran comrades. The provincial party committee and the provincial government ardently hope that the vast numbers of retired comrades will give full play to their intelligence and wisdom and apply their rich experiences accumulated from the protracted practice to support the provincial party committee and the provincial government to do the work in an even better way.

More than 1,000 retired cadres at or above the department and bureau levels of the organs directly under the provincial authorities attended the meeting.

Shandong Secretary Meets With Policemen

SK3112081792 Jinan Shandong People's Radio Network in Mandarin 2300 GMT 30 Dec 92

[Text] On the afternoon of 30 December at Nanjiao Guesthouse, leading comrades of the provincial party committee, the provincial advisory commission, the provincial discipline inspection commission, the provincial people's congress standing committee, the provincial government, the provincial committee of the Chinese People's Political Consultative Conference, and the Jinan Military Region cordially met with all the policemen who were conferred ranks at the provincial ceremony for conferring police ranks. These leaders also posed for a picture with them.

Provincial party Secretary Jiang Chunyun made a speech. He said: On behalf of leaders of the provincial party committee, the provincial government, and the Jinan Military Region, I want to extend warm congratulations on holding the grand ceremony to confer ranks on the people's policemen of public security departments, safety departments, judicial departments, and labor-reform and labor-education departments. Meanwhile, I want to extend sincere respects to the retired veteran cadres.

He said: Over the past several years, under the leadership of party committees and governments at all levels, people's policemen of public security departments and political and judicial departments have done a lot of effective work for defending the socialist systems, safeguarding the socialist modernization, maintaining the order of society, and protecting the legitimate rights and interests of the people. Practice shows that the people's policemen of our public security departments and political and judicial organs are a contingent which is strong in politics, completely reliable, and combat-worthy, thus winning full affirmation and high appraisal from the party and the people.

He pointed out: That the people's policemen wear ranks is sacred and glorious, is the honor given by the party and the people, and shows the heavy trust from the party and the people. In their speeches at the recent ceremony for conferring police ranks, General Secretary Jiang

Zemin and Premier Li Peng set new and still higher demands on the work of the people's policemen and on the construction of the contingent of policemen. They expressed the hope that the people's policemen would conscientiously implement the 14th CPC National Congress guidelines and the instructions of General Secretary Jiang Zemin and Premier Li Peng, would turn the honor into motivation, would carry forward the glorious tradition, and would take advantage of the current opportunity of conferring ranks to further strengthen the ideological, organizational, and work style building of the contingent of our people's policemen with a view to improving their quality. At the same time, people's policemen should positively attend to their professional work in order to make new and even greater contributions to defending the party's basic line, the four modernizations, the reform and opening up, and social order.

Among the leading comrades present at the reception were Zhao Zhihao, Zhang Taiheng, Song Qingwei, Gao Changli, Ma Zhongcai, Li Chunting, Liang Buting, Li Zhen, and Li Zichao.

Shanghai Develops TV Program Service to Taiwan

OW3012142892 Beijing XINHUA in English
1407 GMT 30 Dec 92

[Text] Shanghai, December 30 (XINHUA)—The Shanghai ground station of the Pacific international satellite has transmitted 35 television programs to Taiwan since opening the service in July last year.

The programs made by Taiwan journalists visiting the mainland show the social and economic situation on the mainland and feature Chinese nationalities.

The Shanghai ground station has also been sending TV programs to Korea since September, while the newly established Shanghai ground station of the Indian International Satellite began sending TV programs to Southeast Asian countries last month.

Central-South Region

Shenzhen To Catch Up With 'Four Little Dragons'

HK3112011092 Hong Kong THE STANDARD
in English 31 Dec 92 p 8

[By S.L. Law and Thomas Wong]

[Text] The Shenzhen Special Economic Zone (SEZ) has drawn up a White Paper to outline strategies and plans to catch the "four little dragons" in 20 years with an average growth rate doubling the country's target.

The White Paper, called "Trans-Century Decision—Shenzhen's Strategies to Catch up with the Four Little Dragons", has been presented to a plenum of the Shenzhen Municipality Party Committee.

Shenzhen government spokesman Wang Xinhua said yesterday the SEZ had set up a research group to draw up development strategies.

But he declined to reveal details of the ambitious plan.

Wang said in Hong Kong the group was composed of core government officials, and chaired by Shenzhen mayor Li Youwei and party chief Li Hao. Sources said the White Paper, the discussion of which formed the high point of the plenum, predicted the SEZ would see an average annual growth rate of 16.4 percent in the next two decades to catch the four dragons.

"After comprehensive analyses, the paper said, Shenzhen's growth rates could see a two-stage development in the catching up period," a source who had read the White Paper said.

In both stages, the source said, the growth rates well exceeded the average national growth target of 8 to 9 percent as stated in a political report presented to the 14th party congress concluded in October.

"It said in the first decade, which is characterised by an exceptionally high growth rate, the SEZ's gross domestic product (GDP) would see an average annual growth rate of 20 percent," the source said.

"A slight slowdown was predicted in the second decade in which the GDP would grow at a much slower average rate at [as published] 12 percent per annum.

"These would make up an eventual average growth of 16.4 percent in the coming two decades."

The White Paper envisaged a multi-functioned international metropolis which bred from "a combination of all human civilisations and China's socialist culture".

"Shenzhen would be developed into a new centre of finance, trade, transportation, information, tourism and high technology in the Asia-Pacific region," the paper said.

Catching the four little dragons in 20 years was part of paramount leader Deng Xiaoping's pronouncements during his visit to the south this year.

Meanwhile, in Hong Kong, it was announced the Shenzhen SEZ Daily would increase its pages from eight to 12 starting tomorrow to become a top-ranking newspaper in China.

The Daily's editor-in-chief Wang Rongshan said the page increase would strengthen the paper's role as "a multi-level, multi-function and open-oriented window" in China's open door policy.

Henan Congress Accepts Chairman's Resignation

HK3112110192 Zhengzhou Henan People's Radio Network in Mandarin 2300 GMT 26 Dec 92

[Excerpt] The sixth session of the seventh provincial people's congress, having smoothly elected our province's delegates to the Eighth National People's Congress [NPC] and satisfactorily accomplished its duties, ended triumphantly in the provincial people's hall yesterday morning.

Yang Xizong, Wu Jichuan, Lin Xiao, Ji Hanxing, Fan Lian, Hu Tingji, Hou Zhiying, and Zhang Zhigang, executive chairmen of the presidium, attended yesterday's session and sat in the front row on the rostrum.

Among the provincial party, government, and military leaders who sat on the rostrum were Ma Zhongchen, Lin Yinghai, Song Zhaosu, Liu Guangxiang, Zhu Chao, Wu Guangxian, Yu Youxian, Song Guochen, Hu Xiaoyun, Zhang Deguang, Qin Kecai, and Fan Qinchen.

Yan Jimin, chairman of the provincial committee of the Chinese People's Political Consultative Conference; and Zhao Zhengfu, Dong Minsheng, Duan Zongsan, Tu Jiaji, Liu Yujie, and Wu Shouquan, vice chairmen, also sat on the rostrum.

Also sitting on the rostrum was Zheng Zengmao, president of the provincial higher people's court; and (Zhang Xiong), deputy chief procurator of the provincial people's procuratorate.

The meeting was presided over by Lin Xiao, executive chairman of the presidium. He announced that the seventh provincial people's congress has 932 delegates and 655 are attending today's meeting, fulfilling the quorum.

The meeting announced the results of elections. After the staff finished announcing the election results and the list of the elected delegates to the Eighth NPC, the people in the hall loudly applauded to congratulate the elected delegates to the Eighth NPC.

Thereafter, the meeting passed the decision on accepting Comrade Yang Xizong's resignation from the office of chairman of the standing committee of the seventh provincial people's congress, and Yang Xizong made an enthusiastic speech. [passage omitted]

Hunan Industrial Output Value Reported

HK3012143792 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 16 Dec 92

[Text] From January to November this year, Hunan's industrial production grew at a steady pace. The province completed 72.81 billion yuan in gross industrial output value, up 14.4 percent from the same period last year; and completed 69.288 billion yuan in the value of manufactured goods sold, up 14.7 percent from the same period last year.

The main characteristics of the industrial production of our province over the last 11 months are: 1. simultaneous development of light and heavy industries; with the value of manufacturing goods sold up 12.4 and 16.4 percent, respectively; 2. the rate of increase in the value of manufacturing goods sold was faster in collective industry than in industry owned by the whole people, at 25.3 and 10.6 percent, respectively; and the rate of increase in the sales of manufacturing goods sold in township government-run industry was 31.2 percent; 3. production and sales in large and medium enterprises were relatively good, completing 36.068 billion yuan in the value of manufacturing goods sold, up 13.7 percent, and achieving a 98.2 percent production-marketing rate, which is higher than the province's average level by 2.31 percentage points.

Southwest Region**Guizhou Governor Addresses Planning Conference**

HK3012133492 Guiyang Guizhou People's Radio Network in Mandarin 2300 GMT 26 Dec 92

[Excerpt] The provincial planning and financial work conference began yesterday, and Governor Wang Chaowen stressed the need to properly arrange plans of national economy and people's livelihood according to priority. He said that agriculture is the foundation of national economy and we should not weaken its position as the first industry at any time, and that if we can properly run agriculture we can stabilize the national economy.

According to the spirit of the 14th party congress and responding to the demand for expediting reform, opening up, and economic development, the provincial planning and financial work conference, which is being held by the provincial government, is mainly to relay and implement the spirit of the national planning conference; to study and implement the duties of reform, opening up, and economic construction in 1993; to properly arrange national economy and social development plans in the whole province; and to exchange ideas on the necessary adjustment of the Eighth Five-Year Plan in the province.

The provincial planning and financial work conference will not follow the old method of fixing index and distributing investment funds and materials this time; instead, it will emphasize precise analysis of our province's current economic situation and development trend, rationally formulate macroeconomic goals in the province, develop key points and build key construction projects, and formulate corresponding policies and measures. It will study ways to expedite the reform of the planned management system in our province, and ways to foster a rational arrangement of resources and a healthy operation of the market. [passage omitted]

Sichuan Secretary Tours Provincial Stock Firm

HK3012143692 Chengdu Sichuan People's Radio Network in Mandarin 2300 GMT 17 Dec 92

[Summary From Poor Reception] "This morning, provincial party Secretary Yang Rudai [word indistinct] at the Chengdu stock company," specializing in trading stocks listed on Shanghai stock market, "the province's first such firm run by the Sichuan Province Trust and Investment Firm. Comrade (Xiang Yudai), the firm manager, briefed Yang Rudai in detail on stock trading. Stock trading started 3 December, and close to 100 Sichuan stock buyers" will be accepted each day by the firm to "purchase or sell stocks listed in Shanghai."

The volume of transactions runs into tens of thousands of yuan. "Comrade Yang Rudai witnessed on the hall's huge screen the trading of stocks listed on the Shanghai stock market," and was impressed by the [words indistinct] multifunctional coordinated facilities.

North Region

Beijing Mayor Attends Education Discussion

SK3012124692 Beijing BEIJING RIBAO in Chinese 17 Dec 92 p 1

[By reporter Sun Yushan (1327 3768 1472): "Chen Xitong Discussed Major Policies for Educational Reform With Deputies From Higher Educational Institutes Attending the Municipal Party Congress"]

[Text] Beijing Mayor Chen Xitong held a discussion on the afternoon of 16 December on the major policies for the reform of higher educational institutes with the deputies from higher educational institutes who attended the seventh municipal party congress.

The attending deputies aired their views vigorously. Deputy Zhou Zhiqiang, party committee secretary of the Beijing Teachers' College, said that in establishing the socialist market economy system, schools' endeavor of strengthening the ideological and political work should be coordinated with their effort to solve specific problems, and that the benefits of intellectuals and teaching conditions should be improved. Deputy Zhu Wanjin, party committee secretary of the Beijing Aerospace University, said that the municipality should delegate power to higher educational institutes and attach more importance to their scientific and technological force as an important part of the entire scientific and technological force so as to turn more scientific and technological achievements into productive forces in Beijing. Deputy Ma Shaomeng, deputy secretary of the Chinese People's University party committee, urged Beijing Municipality and pertinent departments to show more concern for the reform of the courses of humane studies and social sciences. Many deputies urged the municipality to relax policies still more to support the enterprises run by

universities. Some dozen deputies spoke at the discussion to offer opinions and suggestions on the reform of higher educational institutes.

After listening to the speeches attentively, Mayor Chen Xitong said: Thank you for giving so many good opinions and suggestions. The municipality will hold a meeting on the work of higher educational institutes next March. The municipality will classify the opinions and suggestions given today and put forward the methods to resolve them before the meeting.

Chen Xitong fully affirmed the deputies' opinion on fully developing the advantages of the higher educational institutes in the capital. Speaking on higher educational institutes' endeavor to establish enterprises to earn profits, Chen Xitong said: As has been proven in practice, we must pay attention to this endeavor. The enterprises run by schools in Beijing created more than 200 million yuan in profits and 2 billion yuan in output value a year, thus helping to improve teaching conditions and teachers' benefits to a great extent. We should not rely on the government alone in stabilizing the contingent of teachers, increasing funds, and improving teaching conditions. Universities should unify thinking and make their school-run enterprises more successful.

Wang Jialiu, deputy secretary of the municipal party committee, chaired the discussion. Vice Mayor Lu Yucheng attended and gave a speech. Guan Shixiong and Tao Xiping attended.

Beijing CPC Committee Holds Plenary Session

Elects Discipline Inspection Leaders

SK3012124992 Beijing BEIJING RIBAO in Chinese 18 Dec 92 p 1

[By Sun Yushan (1327 3768 1472) and Chen Xi (7115 2569): "The Seventh Beijing Municipal CPC Committee Holds First Plenary Session"]

[Text] The first plenary session of the seventh Beijing Municipal CPC Committee was held on the afternoon of 17 December. Comrade Chen Xitong presided.

All 54 members and 13 alternate members of the municipal party committee who should attend the session attended. Through secret ballot, they elected 13 standing committee members, one secretary, and four deputy secretaries of the seventh Beijing Municipal CPC Committee. They are listed as follows:

Members of the seventh Beijing Municipal CPC Committee Standing Committee: (in the order of the number of strokes of their surnames) Wang Baosen, Li Zhiqian, Li Qiyan, Yang Chaoshi, Wang Tong, Wang Jialiu (female), Zhang Baifa, Zhang Baokang, Chen Guangwen, Chen Xitong, Ouyang Wen'an, Duan Bingren, and Qiang Wei.

Secretary of the municipal party committee: Chen Xitong.

Deputy secretaries of the municipal party committee: Li Qiyan, Wang Jialiu, Li Zhijian, and Chen Guangwen.

The session approved the secretary, deputy secretaries, and Standing Committee members of the new Beijing Municipal CPC Discipline Inspection Commission. They are listed as follows:

Members of the Beijing Municipal CPC Discipline Inspection Commission Standing Committee: (in the order of the number of strokes of their surnames) Wang Rengen, Feng Shuliang, Lu Yudong, Li Yongan, Yang Guangzhi, Chen Jiru, Jin Dezhen (female), and Zheng Xujun.

Secretary of the municipal discipline inspection commission: Li Yongan.

Deputy secretaries of the municipal discipline inspection commission: Jin Dezhen (female) and Lu Yudong.

Chen Xitong, secretary of the municipal party committee, gave an important speech at the session.

Secretary Addresses Session

SK3012130192 Beijing BEIJING RIBAO in Chinese
18 Dec 92 p 1

[By reporter Sun Yushan (1327 3768 1472): "Resolutely and Comprehensively Implement to the Letter the 14th CPC Congress Guidelines and the Various Seventh Municipal CPC Congress Resolutions"]

[Text] At the first plenary session of the seventh municipal party committee held 17 December, Chen Xitong, secretary of the municipal party committee, emphasized: To put it in a nutshell, the major task for the new municipal party committee is to resolutely and comprehensively implement the party's basic line. We should resolutely and comprehensively implement to the letter the guidelines of the 14th CPC Congress and the various resolutions of the seventh municipal party congress.

Chen Xitong said: The key to upholding the party's basic line without wavering lies in upholding economic construction as the central task without wavering, making all other work center on, serve, and geared to this central task, and resolutely eliminating "leftist" or rightist interference.

Chen Xitong emphasized: We should achieve success in the two basic tasks of the party, namely the improvement of ideological and theoretical levels and improvement of leading bodies. Without certain accomplishments in the Marxist theory, it is impossible for our comrades, especially leading cadres, to become conscious, firm, and clear-minded reformers and leaders. As we are facing a rapidly changing international situation, in a new period of development for China's reform, opening up, and modernization program, and taking the road never taken

before, we particularly need scientific theoretical guidance. Therefore, emphasizing the party's ideological and theoretical improvement is not only necessary but also very urgent. To improve the party's ideological and theoretical levels, the key is to study and master Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics. As long as we master and apply this powerful ideological weapon, we will be able to break with idealism and metaphysics, emancipate our minds continuously, adopt Marxist world outlook and methodology to correctly understand new conditions and solve new problems, and open up a new situation in socialist modernization. We should raise, analyze, and answer questions based on reality and apply what we have learned. It is not only useless but also harmful to conduct abstract theoretical study in defiance of reality.

Chen Xitong said: Improvement of leading bodies at all levels is a key issue concerning the party's organizational line. The overwhelming majority of Beijing's leading bodies are good, and their efforts in improvement are effective. Judging from the overall situation, however, they still lag rather far behind the requirements for being revolutionary, younger, better educated, and more professionally competent. We should actively adopt measures to train and promote to leading bodies a large number of outstanding cadres who are to continue working in the next century. We should further emancipate our minds, see farther, have more courage, take quicker steps, and resolutely abandon the concepts and methods that emphasize seniority, demand perfect, and give consideration to all areas equally.

Chen Xitong emphasized both long-term plans and great efforts in current work. He said: What we should do first is to study well the documents of the 14th CPC Congress and the seventh municipal party congress and promote the work in all fields in line with the ideological and work reality. We should make earnest efforts to do practical work, strive to fulfill or overfulfill this year's tasks, summarize this year's work, and draw up plans for next year.

Chen Xitong said: Reform and opening up should aim at realizing the socialist market economy system. We should open wider in all directions and grasp the key. The key to reform is still to improve enterprises, especially large and medium-sized state enterprises. We should not only emphasize the government's delegation of power to lower levels and the transformation of their functions but also the creative spirit of enterprises displayed in transforming their operating mechanism. The municipality has already had general arrangements for opening wider to the outside world. The key is to bring in foreign capital and develop the three types of foreign-funded enterprises.

Chen Xitong pointed out: We should persistently attend to two aspects of work simultaneously and be competent in both. We should be competent in building both the material civilization and the spiritual civilization and be

competent in both conducting reform and opening up and improving democracy and the legal system.

Chen Xitong said: The advisory commission will no longer exist, but the work concerning veteran comrades should be done well. We should successfully hold the municipal people's congress and Chinese People's Political Consultative Conference congress as well the elections of their new committees.

In conclusion, Chen Xitong said: We must rally closely around the party Central Committee with Comrade Jiang Zemin as the core. Based on the work done by the previous municipal party committee with Comrade Li Ximing as the secretary, we should unite as one, work hard with full confidence, justify the great trust placed in us by the party Central Committee and the party members and people of various nationalities throughout the municipality, and make new contributions to building Beijing into a prosperous socialist modern capital.

Hebei Governor Speaks on Agriculture

SK3112002192 Shijiazhuang HEBEI RIBAO
in Chinese 1 Dec 92 pp 1, 2

[Text] Hebei Governor Cheng Weigao gave a speech at the provincial forum on agricultural work held 29 November. The text of the speech follows:

I heard the speeches given by some prefectures and cities this morning. Based on the conditions and issues that everyone discussed and raised, I will speak on some views and opinions on the reform of the agricultural front and the guiding thought for current agricultural production for your study.

When implementing the 14th CPC Congress guidelines, the agricultural front should steadily increase grain and cotton production and, in line with the requirement for developing socialist large-scale agriculture, actively guide peasants to enter the market; promote the coordination of agriculture with the market economy; and achieve high yields, good quality, and high efficiency of agriculture so that agriculture will provide more and better farm and sideline products to the domestic and world markets, and the vast number of peasants will gain more benefits from agricultural production. This is the general guiding thought. I will speak on eight issues specifically.

1. We should correctly estimate the agricultural situation.

We should note that Hebei's agricultural front, like other fronts, have created a good situation after Comrade Deng Xiaoping gave his important speeches during his south China inspection and after the enlarged meeting of the Political Bureau of the party Central Committee. Although grain and cotton production declined this year, peasants still have plenty of reserve grain thanks to the bumper harvests in the past few years successively. In addition, this year's grain production declined merely by

a small margin. Therefore, people's feelings and society are stable in rural areas. Cotton production declined by a large margin this year, and peasants in cotton-growing areas experienced a substantial decrease in their income. However, judging from the situation of the province as a whole, forestry, animal husbandry, sideline production, and fisheries all registered a substantial increase in production, market sales were brisk, and township enterprises developed fairly rapidly. As a result, both Hebei's agricultural output value and peasants' income increased. In line with the requirement for developing the socialist market economy, a large number of rural areas have accelerated their reform and opening up since the beginning of this year. New vigor and vitality have emerged in rural areas, and the development of the primary, secondary, and tertiary industries has been promoted. Therefore, when judging the agricultural situation, we should refrain from judgment based merely on grain and cotton production. We, instead, should adopt the viewpoint of socialist large-scale agriculture to conduct overall analysis.

Of course, our agriculture still faces many difficulties, and the situations in some fields are still grim. We should pay great attention to this. First, in the situation of reform and opening up, some localities set agricultural development against the development of the secondary and tertiary industry. They have developed industry and the tertiary industry fairly vigorously and tended to slacken agricultural production and weaken agricultural reform. Second, some localities have experienced a large decline in grain and cotton production this year due to the weak capital construction for agriculture, drought that occurred in the past few years, and this year's catastrophic drought and damage caused by insects. This fully shows that Hebei's capital construction for agriculture and its capacity to resist disasters are very incompatible with the requirement for improving agriculture to a new level, and that the tasks to strengthen capital construction and increase the antidisaster capacity remain very arduous. Third, the comparable benefits of agricultural production and the peasants' real income from agricultural production are reduced due to the fact that the readjustment of systems and benefits fall behind the economic development in the course of transitioning from the planned economy to the market economy. Thus, the peasants' enthusiasm for planting grain and cotton have been affected. Some localities have suffered losses this year due to the large decrease in grain and cotton production, and the people in these localities are even confronted with living difficulties. Fourth, along with the changes in the economic system, we are confronted with many new conditions and new problems, such as how to have the peasants enter the markets and how to coordinate agriculture with the market economy. As a result, under the new conditions and with the new problems, the cadres' old methods for organizing and guiding agricultural production will not work. The cadres cannot find out new methods at the time, and they think that they cannot keep abreast of the times. So, we should comprehensively understand the agricultural

situation, foster confidence, know the difficulties, understand that the situation in some aspects is considerably grim, and further consciously make our work suit the new conditions and new problems.

2. To develop agriculture, we should rely on deepening reform and expanding the scale of opening up and rapidly and improve agriculture in coordination with the market economy.

After the third plenary session of the 11th party Central Committee, we carried out the rural reform with the focus on the system of contracted responsibility on a household basis with remuneration linked to output. The implementation of the rural reform has helped promote the urban and overall economic structural reform. Now, we are implementing the guidelines of Comrade Deng Xiaoping's speeches and the 14th CPC Congress and have stressed that speeding up reform is by no means a matter only relating to coastal areas, cities, and industries. To further liberate and develop productive forces, the agricultural front should also rely on deepening reform and expanding the scale of open up. The agricultural front should conduct reform and opening up to the outside world according to the law governing the market economy, strive to make agriculture suit the needs of both domestic and foreign markets, and have the peasants gain larger amounts of profits from agriculture. At the forum, the participants have not made enough discussions on the issue of how to promote the coordination of agriculture with the market economy. We should further study this issue. I think there are two major principles. First, according to the needs of domestic markets, we should provide industries with sufficient high-quality raw materials and offer the urbanites with increasingly more high-quality farm and sideline products. According to the international market demands, we should develop agriculture characterized by high quality, high additional value, and foreign exchange earnings. Second, closely in line with the target of developing agriculture characterized by high quality, high additional value, and foreign exchange earnings, we should fully develop trades in service of agriculture, such as information, technology, capital, means of production, processing, storage, transportation, and marketing service trades; and provide the peasants with guarantee for buying means of production in the course of readjusting structures and increasing economic results.

3. We should positively and steadily readjust the agricultural structure and increase economic results, promote the structural reform in a step-by-step manner, and guard against blindness and impatience.

The readjustment of the agricultural structure is a matter relating to each and every household. The readjustment is not an easy job. We should do a lot of work, positively create conditions, and carry it out in a step-by-step manner. By no means can we finish the readjustment only by saying a word and giving a call. So far, the majority of the peasants make a living by growing grain and cotton. Under the situation that the socialized

service is not so perfect, we must neither blindly nor impatiently readjust the agricultural structure. In regard to the agricultural guiding ideology, we should steadily increase grain and cotton production and positively readjust the agricultural structure. The reason for this is that agriculture is the foundation for the national economy, and grain and cotton is the foundation of agriculture as well as the foundation of social stability. If we fail to increase the output of grains and cotton in China, a large country with a large population, the society as a whole will become turbulent. The province's per capita grain at present is only more than 700 jin. If we fail to increase the grains output under such a low level, the province will suffer difficulties in livelihood along with the increase of population. To improve the people's food structure and to upgrade the living quality, we will also have no foundation without sufficient grains. To stably increase the output of grains and cotton, it is also imperative to readjust the production structure and to enable the grain and cotton production to develop toward the orientation of "high yield, fine quality, and high benefits." We are no longer to expand the farmland acreage of grain and cotton production at present to increase their output. We must do something in achieving high yield, fine quality, and high benefits among the existing farmland of grain and cotton crops. Therefore, in readjusting the structure first of all we should readjust it in line with increasing the output of grains and cotton. Accelerating the structural readjustment based on stably increasing the output of grains and cotton just means to bring the land resources into full play on the premise of ensuring the farmland acreage of grains and cotton. It also means to develop various intercropping or interplanting to upgrade the targets of multiple cropping. It is necessary to bring into play the resources of mountainous land, wasteland, beach land, and water bents to develop the undertakings of fruits, forestry, animal husbandry, and aquatic production. By no means should we engage in the production of cash crops and of planting or raising by reducing at will and on a large-scale the farmland of grains and cotton, as well as should we advocate in very general terms that we are taking what we can earn money only. Efforts should be made to enhance the macro guidance and to give a correct leading. By no means should we regard the agriculture of "two highs and one fine quality" as the principle of taking much cash crop production that can earn much money and of giving less attention to grain and cotton production. The targets of "two highs and one fine quality" is also required by grain and cotton production that also deserves to reach the targets and so does the production of cash crops, agriculture, forestry, animal husbandry, sideline occupations, and fishery.

4. We should grasp the construction of water conservancy works by regarding it as a most capital one in improving the agricultural production conditions.

The coming eight years is a crucial period for Hebei Province to relieve its shortage of water resources by building on a large scale water conservancy works. This

is the opportunity that we have never met before. Making a success in this regard in the coming eight years will enable our province to create a favorable condition for developing its agriculture and building its economy as a whole, as well as for relieving its shortage of water resources. The issue of water is very important for Hebei Province. Without water it will have no grains, cotton, the prosperity of agriculture, and the development of industries and the national economy as a whole. During the next eight years, the entire party and governments at all levels should regard construction of water conservancy projects as their important and prominent tasks. 1) They should mobilize the people throughout the province to participate in and support the project to divert water from the south to the north, the project to divert water from Huang He to Wei He to support Hebei, the Taolinkou reservoir construction project, the Yangcheng reservoir construction project, and the projects to reinforce large and medium reservoirs. 2) They should adopt every means to store water and control it rationally so that surface water resources can be fully used. 3) They should achieve success in saving water and greatly promote water-efficient agriculture. 4) They should make unremitting efforts in building farmland water conservancy projects and improving small valleys to increase their economic value.

5. We should pay attention to resolving the conspicuous issues in current agricultural production.

In the current agricultural production, we should emphasize the antidrought work, focus on saving water, and achieve breakthroughs in eliminating insect pests. 1) The amount of water stored in the province this year is 2 billion cubic meters less than in last year. What if drought continues next year? We should conduct further study and adopt more effective antidrought measures. 2) We should succeed in wheat field management and strive for a bumper summer grain harvest next year. Wheat seedlings have not grown so well as in last year, and third-category seedlings account for a large proportion. We should strengthen wheat field management to improve the growth of wheat seedlings. 3) We should study encouraging policies to guide peasants to plant cotton well next year. 4) We should achieve success in eliminating insect pests. We should, on the one hand, study technical measures and, on the other, summarize experiences and lessons and disseminate advanced experiences. Prevention and control of insect pests in cotton production involve both technical measures and other work. We must succeed in eliminating insect pests next year. The provincial government prepares to allocate some funds to produce, purchase, or import the necessary insecticides to meet the needs.

6. We should be both resolute and prudent and have a clear purpose when conducting reform of the county-level agricultural institutions.

Agricultural institutions should be reformed like other institutions. This is because they shoulder too heavy a financial burden and their current systems fail to meet

the needs of the socialist market economy. When conducting the reform, however, we should not take into consideration merely the reduction of the financial burden. We should focus on strengthening the functions of these institutions based on their major lines of work and improve their ability for socialized service. When developing the tertiary industry, either business or technical service, these institutions should strengthen the service centering on their major lines of work. I also advocate getting in place and cutting financial support step by step. If we cut financial support all at once, some science professionals and technicians will be forced to work only to make money. Thus, we will lose the original purpose of organizational reform. In regard to the organizational reform, we should focus on small-size government and large-scale service, reducing administrative organizations and institutions, and expanding and strengthening socialized service. If we reduce financial expenditures but fail to improve service, we will not attain the target of organizational reform. This must be fully stressed. In the course of organizational reform, we must not change some basic agricultural work. For instance, we must not change pest and weather forecasting. Developing a socialized service system is the main contradiction in agricultural production. To develop a socialized service system, we should also renew our thinking, pool the efforts of the state and the people to set up the service system, and pay particular attention to supporting and developing civilian-run service entities. Only by so doing will we better meet the demands of the peasants and rapidly help service personnel increase their income.

7. We should strive to reduce the burden on the peasants and vigorously increase the peasants' income.

We should vigorously promote the development of agriculture characterized by high quality, high additional value, and foreign exchange earnings; reduce production costs; and increase agricultural benefits. Simultaneously, we should resolutely implement the central and provincial decisions on reducing the burden on the peasants, check at each level, set strict restrictions, and resolutely end the phenomena that various departments arbitrarily collect funds, impose fines, and apportion expenses.

8. We should further strengthen the leadership over agricultural reform and opening up and ceaselessly elevate agriculture to a new high.

a) All local party committees and governments should conscientiously analyze the agricultural situation, comprehensively sum up this year's agricultural production experiences, discuss how to steadily increase grain and cotton production, make structural readjustment, and coordinate agriculture with the market economy. b) Principal leaders of the governments at various levels should concern themselves with agriculture. Responsible leaders should stand fast at their posts. Newly appointed leaders of the next governments should immediately undertake their jobs and become familiar with the agricultural work. Party committees and governments at

various levels should regard agricultural reform and opening up and agricultural development as extremely important tasks and pay attention to them. We must not pay attention to industrial production, finance, and trade at the expense of agriculture. c) This winter and next spring we should pay particular attention to supporting and giving disaster relief to the areas suffering large-scale agricultural production decreases and ensure that no problems will emerge.

Hebei Secretary's Article on Rural Development

SK3112082692 Shijiazhuang HEBEI RIBAO
in Chinese 6 Dec 92 pp 1, 3

[Article by Xing Chongzhi, secretary of the Hebei Provincial CPC Committee, entitled "We Need '100 Stars' and Further Have To Have All Stars Shining Bright"]

[Text] The strongest impression left on me after reading "the summary of investigations on 100 stars emerging from among Hebei's towns and townships, written by the office of the provincial party committee, is "new." With the 100 stars, the rural areas are no longer the rural areas of the previous traditional significance. Some of them are turning themselves into small prosperous industrial and commercial towns. Agriculture has no longer been agriculture of the previous traditional significance. Agriculture is turning itself into high-yield, good-quality, high-efficient socialist agriculture characterized by comprehensively developing agriculture, forestry, animal husbandry, sideline occupation, and fishery; making cropping, breeding, and processing a coordinate process; linking agriculture with industry and commerce; linking domestic trade with foreign trade; and coordinating agriculture with science and education. Town and township enterprises are striding toward the target of larger scale, high levels, and high efficiency. The peasants are no longer ones of previous traditional significance. Many peasants tend to be producers and managers with the daring to do larger undertakings and make great development and with scientific and technological knowledge and managerial ability. Although "100 stars" only amount to less than 3 percent of the province's total towns and townships, they have created more than 15 percent of the province's economic wealth. Their per capita product of the rural society reaches 6,686 yuan, 2.1 times higher than the provincial average level. The new situation, new appearance, and new changes are fresh and new to the people and deeply mobilize the enthusiasm of the people.

The Eighth Plenary Session of the 13th party Central Committee worked out a decision on further strengthening agriculture and the rural work. The 14th party congress repeatedly stressed the necessity to pay high attention to agriculture and to comprehensively rejuvenate the rural economy. Thus, conscientiously implementing the decision and the guidelines of the 14th party congress, persistently putting agriculture in the first position in the course of speeding up reform, open up, and economic development, firmly attending to the

deepening of the rural reform and the development of the rural economy, and speeding up the pace of having the rural areas become fairly well-off is always the foundation for the stability and progress of the overall society. Under such a situation, it is of important significance to select, commend, and disseminate "100 stars" and to make them bring their exemplary vanguard role into full play in the course of rejuvenating the rural economy of the province. So, the rural areas across the province should take "100 stars" as an example in changing themselves; conscientiously learn from them; use their new ideas, experiences, creation, and appearance as reference; and make them become the people's common spiritual wealth and gigantic material forces.

The peasants living in the "100-star" towns and townships have changed the way of thinking. In the past, they felt nervous once they were far away from home and could not see the chimneys on their houses. But, now they often go to "departments" and regard "going abroad" as their routine work. They raised chickens for trading in salt and eating eggs. But, now they raise chickens for money. They were contented with small wealth and little income, but now they have the daring to make a big breakthrough and make great development and to step toward a large stage. All this vividly embodies their gigantic achievements in emancipating the mind and changing ideas. With such kinds of ideologically profound changes, they manifest, in the course of practice, the strong awareness of development, reform, opening up, market, competitiveness, and the thinking that science and technology are the first productive forces. Thereby, they have firmly laid an ideological foundation for speeding up development. To make great economic development, we must greatly emancipate the mind. Like the "100 stars," all rural areas should arm the cadres and the peasants with Comrade Deng Xiaoping's theory of building socialism with Chinese characteristics, ceaselessly emancipate the mind, change their ideas, firmly foster the new ideas suitable to the development of the market economy, and speed up the development of reform, opening up, and rural economy.

The "100 stars" have persistently taken reform as motivation and market as guidance in the course of developing agriculture and town and township enterprises, readjusted the production structure and the product mix according to market information, and strived to gain high output with high input. All this demonstrates that under the new age, the peasants are able to rapidly suit the development of the socialist market economy and have the daring to "swim" in the big tide of developing the market economy. Now, groups of towns and townships whose annual output value respectively reaches 5 million yuan, 10 million yuan, and even 100 million yuan emerge among the "100 stars." The "100-star" towns and townships have also rapidly developed new industries and new products to meet the market demands. Just because this, a good situation with optimum economic structure, higher economic results, and overall vitality has emerged in these areas. The

fundamental way to develop the rural economy is to deepen the reform in various aspects with the focus on setting up the socialist market economic system. The priority to learning from and drawing on the experiences of the "100 stars" is to study their experiences in this regard. Whoever is ahead of others in studying their experiences in this aspect will be able to make a bigger stride for development.

The "100-star" towns and townships have generally paid attention to party building. They are units advanced in both economic construction and party building. The grass-roots party organizations are able to bring into full play their role as the core of leadership thanks to comprehensively strengthening party building. The vast number of party members and cadres are able to conscientiously implement the basic line of the party; are determined to develop the economy, grasp reform, and open to the outside world; are inspired with a strong spirit of conducting reform and blazing new trails, a spirit of doing solid work, a spirit of striving to be the first, a spirit of arduous struggle, and a spirit of making selfless sacrifice; and provide a strong guarantee for speeding up the economic development. We should speed up the pace of reform, open up, and economic construction and strengthen and upgrade the combat effectiveness of grass-roots party organizations. Party committees at various levels should firmly grasp this. Only by so doing will we be able to better guide the masses to make progress.

The "100 stars" are bright ones. However, in the final analysis, they only amount to a small proportion of the province's 3,000 towns and townships. So, we have to have these stars shining bright and further have to have all towns and townships shining bright. Therefore, we hope that the "100 stars" will ceaselessly make improvement and that increasingly more brilliant stars will emerge in the rural areas of the province. As soon as all stars are shining bright in the rural areas of the province, we will be able to realize the target of becoming fairly well-off. I hope that the vast number of cadres and people in the rural areas will make unswerving efforts to attain this.

Hebei Secretary on Assimilating Returned Students

*SK3112082392 Shijiazhuang HEBEI RIBAO
in Chinese 17 Dec 92 pp 1-2*

[By reporter Han Yuming (7281 3768 2496) and Liu Dongwen (0491 2639 4489); "Xing Chongzhi Speaks at Inaugural Meeting for Hebei Federation of Returned Students"]

[Excerpts] The Hebei Federation of Returned Students was established in Shijiazhuang on 15 December. Xing Chongzhi, Cheng Weigao, Lu Chuanzan, Ye Liansom, Chen Yujie, Zou Renyun, and Gu Erxiong were

appointed as honorary presidents of the board of directors; and Wang Honglian was elected as president of the board of directors.

Provincial leading comrades Xing Chongzhi, Chen Yujie, Zou Renyun, and Gu Erxiong attended and addressed the inaugural meeting. Cheng Weigao sent a letter of congratulation to the meeting. [passage omitted]

On behalf of the provincial party committee, provincial party Secretary Xing Chongzhi expressed his heartfelt congratulations on the establishment of the federation and extended cordial regards to the returned students who are working in Hebei and the students who are studying abroad.

Xing Chongzhi said: The party and the state have constantly paid full attention to the work toward the students studying abroad. Particularly since 1978 when Comrade Deng Xiaoping made an important policy decision on "opening wide the state gate and sending students to foreign countries," we have greatly developed the work toward the students studying abroad. The vast number of students studying abroad are determined to dedicate themselves to the service of the country, study assiduously, and engage themselves in the modernization cause with their foreign advanced scientific and technological knowledge and have made important contributions to promoting the development of the economy and all undertakings. Practice proves that attending to the work toward the students studying abroad is conducive to assimilating all civilized achievements in the world, learning from others' strong points to offset our weaknesses, developing and strengthening ourselves, stepping toward the world, and speeding up the development of the socialist modernization.

He said: As our country will soon restore its position as a signatory state to the "GATT" and the development of the socialist market economy is being accelerated, a sharp competition will emerge on both international and domestic markets. In the final analysis, the essence of the competition is scientific and technological competition as well as the competition among skilled persons. Those who grasp high science and technology and have skilled persons will gain initiative and make rapid progress through competition. Our province has comparatively backward science and technology and the strain on skilled persons. Under such a grim situation, we should further make efforts to achieve the work toward students studying abroad, send increasingly more students to foreign countries, assimilate and bring in increasingly more returned students, and pay attention to bringing their functions into full play.

In regard to upgrading the work toward returned students to a new level, Xing Chongzhi said that we should fully affirm the province's achievements in doing the work toward returned students. He also pointed out where we lag behind in this regard. He said: We have done enough in sending students to study abroad, attracting the students studying abroad to return to the

province after finishing their study in foreign countries, or bringing the returned students' functions into play. We should change this situation as soon as possible.

Xing Chongzhi urged that we should further adopt measures to support and encourage increasingly more personnel to study abroad. He said: Hebei is a large province with more than 60 million people. But, we only sent 1,700 students to foreign countries in the past 14 years. This is really a small number. From now on, we should strive to register a big increase in this year with each passing year. Besides the fulfillment of the state-assigned quota, we should positively encourage those with conditions to study abroad, engage in advanced studies, give lectures, and conduct cooperative study. All departments concerned should initiatively create convenience and vigorously promote this work. We should persist in the principle that personnel are free and find it convenient to enter and leave the country and strive to create fine relaxed conditions for having various kinds of personnel go abroad.

Xing Chongzhi stressed: We should formulate and implement, as soon as possible, policies on attracting skilled persons with a view to having increasingly more students studying abroad be willing to work in our province. We warmly welcome all returned students, including those sent by the province and other provinces and those studying abroad with both private and public expenses, to the neglect of their previous political attitude. In particular, all returned students with doctor and master degrees, urgently needed by the province, should be received and must not be restricted by urban residential registration, personnel affairs plans, and professional post quotas. Units that employ returned students should first help solve their housing and work problems, appropriately arrange their family members and children, and provide them with necessary scientific research funds. Simultaneously, we should try every possible means to satisfy the demands of the students studying abroad who have to change their original work units with some real problems or some reasons. We should positively encourage the returned students to run by themselves, research organizations, technical organizations, consultation companies, and technical-industrial-trade enterprise corporations in the province and also give them assistance in various spheres. In short, we should focus on attracting increasingly more students studying abroad to work in our province and work out more flexible and perfect policies to fully mobilize their enthusiasm. [passage omitted]

Hebei Leaders Address Tertiary Industry Meeting

SK3112081392 Shijiazhuang Hebei People's Radio Network in Mandarin 2300 GMT 30 Dec 92

[Excerpts] The provincial meeting on planning and on accelerating the development of the tertiary industry ended 30 December. [passage omitted]

Provincial party Secretary Xing Chongzhi and Governor Cheng Weigao made speeches at the meetings.

In their speeches, they pointed out: We should comprehensively implement the 14th CPC National Congress guidelines and the fifth plenary session of the fourth provincial party committee's decisions, accelerate the pace of reform and opening up, and promote the rapid development of the economy towards the directions of improving quality, readjusting structure, and increasing economic results. Under the current situation of continuous deepening of reform, constant expansion of the sphere of opening up, and rapid development of the economy, new circumstances and new contradictions have taken place in all of the fields of changing from old to new systems, linking domestic market with world market, comprehensively building the economy and society, and coordinately developing the primary, secondary, and tertiary industries. Under such an intricate situation, we should conscientiously study and master the materialist dialectics; correctly grasp and handle the several major relations among reform, opening up, and economic development; master and control the overall situation of reform and construction; emancipate minds; renew ideas; change work styles; and do a solid job to fulfill all the tasks for the economic work in 1993; to effect a sustained, steady, and high-speed development of the province's economy; and to lay a solid foundation for building Hebei into an economically strong province.

Northeast Region

Heilongjiang Reports Bumper Agricultural Harvest

SK3112082292 Harbin HEILONGJIANG RIBAO in Chinese 10 Dec 92 p 1

[By reporter Huang Kehuan (7806 0344 2719); "Heilongjiang Reaps Bumper Harvest in All Production of Agriculture and Peasants' Income Reaches 800 Yuan Per Capita"]

[Text] Heilongjiang continued to develop its rural economy steadily and reaped a bumper harvest in grain production, animal husbandry, township enterprises, fisheries, fruit production, and the courtyard economy. This was made public to the press circles by a responsible person of the provincial agricultural commission on 8 December.

The responsible person said: In addition to grain production, which registered a record high of 23.665 billion kg, the output of beets, oil-bearing crops, and vegetables all exceeded that of last year. Due to a reduction of sown areas, the output of flax and flue-cured tobacco declined, but their per-unit yields increased, and quality was better than in previous years. This year, another two counties, Yian and Lanxi Counties, were ranked among the counties and cities whose grain output exceeded 500 million kg, increasing the number of such counties to 13.

The output value of township enterprises is expected to reach 22.8 billion yuan, their total income 20.43 billion yuan, their profits 1.38 billion yuan, and their taxes 5.30

million yuan by the end of this year, registering an increase ranging from 25 to 30 percent. This year, 820 million yuan of funds were invested in township enterprises, up 10.8 percent from last year. The numbers of new projects, technical transformation projects, and export-oriented enterprises all registered a substantial increase.

Animal husbandry grew in all production. It is expected that by the end of this year, the number of cows in stock will be 700,000, up 13.8 percent from last year; that of oxen 2.15 million, up 6 percent; that of pigs 7.3 million, up 2.5 percent; and that of poultry 94 million, up 5 percent. The number of cattle and pigs slaughtered will grow by 7.4 and 8.7 percent, respectively, over last year; and that of poultry will remain the same as in last year. The output of fresh milk, eggs, and meat all register increase. According to preliminary calculation, the output value of animal husbandry may reach 7.34 billion yuan, up 23.9 percent from last year.

Heilongjiang's annual quotas for afforestation, cultivation of saplings, protection of trees by restricting access to forests, and cultivation of forests were all fulfilled. The output of aquatic products rose 4.3 percent over last year. A total of 54,000 hectares of courtyards were cultivated for farming, accounting for 53.7 percent of the areas that can be developed.

Thanks to the bumper harvest in all production of agriculture, the total product of rural society is expected to reach 46 billion yuan, up 13 percent from last year; and peasants' income may reach 800 yuan per capita, up about 8 percent.

This responsible person said: Heilongjiang's current agricultural and rural situation is very good, but many aspects still fall short of the demand of the socialist market economy system. There are still difficulty in selling grain and paying cash for the purchase of grain, loss of benefits during exchanges, and increasing burdens on peasants. Only when we resolve such contradictions conscientiously can we continue to develop the rural economy in a sustained manner.

Jilin Secretary Attends Police Ranking Ceremony

SK3112054192 Changchun Jilin People's Radio Network in Mandarin 1030 GMT 30 Dec 92

[Text] A ceremony was held at Nanhu Guesthouse this morning for the Jilin Provincial Higher People's Court to confer ranks on judicial policemen. The first group of judicial policemen of the courts throughout the province were given the ranks of third-grade commissioner; first-, second-, and third-grade supervisor; and first-, second-, and third-grade superintendent.

Provincial leaders He Zhukang, Huo Mingguang, Liu Yunzhao, Xiao Chun, Zhou Zaikang, Wu Yixia, and Wang Jinshan as well as responsible comrades of pertinent departments attended the ceremony. Yang Qingxiang, acting president, and Li Zuosan, vice president of

the provincial higher people's court, presented certificates to representatives of the 87 judicial policemen who were given the police ranks.

When meeting with these policemen, Yang Qingxiang said: Judicial policemen are an important part of China's rank of people's police. They shoulder the important tasks of escorting criminals, safeguarding the order of courts, and delivering documents. They should have very high political and professional quality, strong sense of respect for organization and discipline, and very good ability to perform work. Implementation of the judicial police rank system has a very important significance in developing the role of judicial policemen and making them a revolutionary, modern, and regular contingent.

Northwest Region

Xinjiang's Border Trade Volume Up 359 Percent

HK3012123292 Beijing XINHUA Domestic Service in Chinese 0418 GMT 21 Dec 92

[By XINHUA reporter Li Shengjiang (2621 3932 3068)]

[Text] Urumqi, 21 Dec (XINHUA)—Xinjiang's local-run border trade [di bian mao yi 0966 6708 6319 2496] volume has grown drastically this year to make up almost half of the region's foreign trade volume.

By the end of November, the portion of import-export volume derived from local-run border trade totaled \$220 million, an increase of 359 percent over the same period last year. By the way, the proportion of local-run border trade volume to the total foreign trade volume has also increased from 13.1 percent last year to 38.4 percent this year.

Deng Xiaoping's remarks made during his trip to the south and the State Council's strategy of opening up along the border have served as the catalysts for the drastic growth of local-run border trade in Xinjiang. Before 1991, there were only five companies which were authorized to run border barter trade in Xinjiang, but now the number of companies in this category has drastically risen to over 200. Although there are only two companies authorized to run foreign trade in Tacheng Prefecture, known as a dead corner, there are another more than 70 companies and enterprises in the prefecture running border trade in the forms of agency and joint management. And the prefecture's local-run border trade volume has increased from more than 500,000 yuan last year to 50 million this year.

The boom of local-run border trade in Xinjiang has helped further expand the market. The number of regional trade partners of this autonomous region, which was more than 40 from only a few countries last year, has now increased to more than 260 from more than 10 peripheral countries, including CIS members. Trade has also been diversified from the unitary form of barter

trade into a wide variety of forms, such as the combination of barter and spot exchange trade, the combination of trade and economic cooperation, the combination of tourism and trade, the swap of project contracts [xiang mu hu huan 7309 4158 0062 2255], joint venture, cooperative farming, joint contracted services, contra-export trade [dui xiao mao yi 1417 6906 6319 2496], and so on.

Shopping tours and trade between border residents are the major features of local-run border trade in Xinjiang. So far, Xinjiang has established nine border trade markets in some selected border areas with better conditions,

more population, and convenient transport and communication facilities. According to incomplete statistics, 116,000 tourists from the peripheral CIS members who joined shopping tours visited Xinjiang from January to November this year, an increase of 430 percent over the same period last year. These visitors purchased 441 million yuan worth of goods in Xinjiang.

At present, an omnidirectional border trade region that is linked to Pakistan in the south and opened to Mongolia in the north, with central Asia as its major target market, is emerging rapidly in Xinjiang.

Taiwan Investment Increases in Mainland

*OW3012051392 Beijing XINHUA in English
0313 GMT 30 Dec 92*

[Text] Beijing, December 30 (XINHUA)—Taiwan's committed investment in the mainland this year alone is expected to surpass the past decade's total of 3.43 billion U.S. dollars.

Officials from the Ministry of Foreign Economic Relations and Trade (MOFERT) said the number of Taiwan-funded projects this year will also exceed the 3,815 approved since 1983.

In fact, from January to September Taiwan investors promised to spend 3 billion U.S. dollars on the mainland, up 254 percent over that of the corresponding period in 1991, according to MOFERT.

Altogether 3,750 projects involving Taiwan funds were approved during the period, up 232 percent.

This makes Taiwan the second-largest overseas investor in the mainland this year, MOFERT officials said.

MOFERT officials attributed the hefty increase in Taiwan investment to increased confidence among Taiwan businesses in the market-oriented economic reform on the mainland.

There have also been signals about a relaxation of control by authorities from both sides on two-way trade and investment.

The mainland has so far absorbed a total of 6.4 billion U.S. dollars worth of Taiwan investment in 7,565 projects.

MOFERT officials said at least 60 percent of Taiwan's business tycoons have visited the mainland, indicating a trend towards increased investment in large projects on the mainland.

"Business people from the two sides have reached a consensus that economic collaboration should go into full swing," officials said.

The two sides are even expected to exchange commodity fairs for the first time next year, they added.

Beijing Mayor Meets Taiwan Industrial Group

*SK3012111792 Beijing BEIJING RIBAO in Chinese
16 Dec 92 p 3*

[By correspondent Lu Laishun (7627 0171 7311); "Chen Xitong Meets With Taiwan Industrial and Commercial Enterprise Observation Group"]

[Text] Chen Xitong, state councillor and mayor of Beijing Municipality, and Zhang Baifa, executive vice mayor of Beijing Municipality, cordially met with a Taiwan industrial and commercial enterprise observation group at the municipal government on the morning of 15 December. Mr. Liu Jincheng was the leader of the group, and Ms. Xu Shuzhen deputy leader.

On behalf of the municipal government and the people of the capital, Chen Xitong extended a warm welcome to the compatriots from Taiwan industrial and commercial circles. He said: The relations between the two sides of the Straits have become increasingly closer, and the cooperation between their enterprises has continuously strengthened. Taiwan-invested enterprises have developed rapidly in Beijing this year. More than 300 such enterprises have been established in the year, 1.5 times the total established in the previous 11 years. Chen Xitong also introduced the reform and opening up conducted in the past few years in the mainland and Beijing and the investment climate; encouraged Taiwan compatriots to make investment in Beijing and to attend the "Beijing-Taiwan large-scale symposium on economic cooperation" held in Beijing; and hoped that Taiwan would achieve stability and prosperity and that the two sides of the strait will strengthen cooperation and achieve common development.

Liu Jincheng said that he was deeply impressed by the visit in Beijing and that he had made extensive contacts with various fields in the capital. He wished to hold further talks, invest in Beijing, and make contributions to Beijing's construction and development.

Foreign Minister on Hopes for Clinton Government

OW3112084492 Taipei LIEN HO PAO in Chinese
23 Dec 92 p 4

[“News Dispatch” by reporter Hu Yu-li (5170 3768 4539)]

[Text] Recently, Foreign Minister Chien Fu openly expressed his hope for three things from the new U.S. Government under Bill Clinton.

Speaking about one—that the U.S. side will review its ban on official contacts with us—an official at the Ministry of Foreign Affairs said: We do not expect the U.S. side to openly announce the lifting of such bans, but we hope the U.S. side will lift all bans in an imperceptible way. For example, the U.S. side could let visits by high-ranking officials to our country become the normal practice, allow our government officials to routinely visit the State Department, allow U.S. Government personnel visit Twin Oak Garden, and allow U.S. Government officials to attend our National Day party.

It has been learned that in 1979, when the Carter Government established normal relations with Communist China, the U.S. side began to impose restrictions on Taiwan by issuing written guidelines to its officials. These, it has been learned, was drafted by Thomas Brooks, the then deputy director of the China desk at the State Department and current director of the Taipei Office of the American Institute in Taiwan.

Among the many guidelines aimed at imposing bans on official contacts with us, the one that received our main concern was the ban on officials at assistant secretary level or above visiting Taiwan. However, this ban was broken by the visit of Hills, the U.S. trade representative. In his recent call for a review of these guidelines, Minister Chien Fu centered his hopes on one thing, that the U.S. side will make it a practice to allow its high-ranking officials to visit Taiwan. He also expressed the hope that other guidelines that hamper close contacts between Taiwan and the United States will be canceled.

As for the second hope expressed by Chien Fu—that, taking a practical attitude, the U.S. side will allow Taiwan to change the name of the Coordinating Council for North American Affairs (CCNAA)—the Ministry of Foreign Affairs official said: This is not a top priority on our agenda for working with the United States. However, Tokyo has agreed that we can change our representative office in Japan from the “Tokyo Office of the Association of East Asian Relations” to the “Taipei Office for Economic and Cultural Affairs.” Representative offices in many countries with which we do not have diplomatic ties prefix their title with the name “the Republic of China.” We think that the name CCNAA is too much of a tongue-twister and should be renamed with a more easily recognizable title.

But renaming the office will involve bargaining between the United States and Taiwan. Now that the new government of the United States is in the process of being formed, it is not yet certain who will be our negotiating partners. In addition, the name CCNAA has been used for 13 years; there will need to be a period of adjustment once the name is changed. The Ministry of Foreign Affairs, therefore, is not pushing actively toward this goal.

Trade Board Says Cross-Strait Ties Soaring

OW3112094292 Taipei CNA in English 0836 GMT
31 Dec 92

[Text] Taipei, Dec. 31 (CNA)—Two-way trade across the Taiwan Strait is expected to top US\$8 billion in 1992, the Board of Foreign Trade said Wednesday.

In a report on Mainland China's foreign trade, the board noted that indirect trade between the two sides of the straits, which soared from US\$4 billion in 1990 to US\$5.8 billion in 1991 and more than US\$8 billion this year, grew at double speed in the past three years.

In addition, the report pointed out, the ever-increasing capital outflow from Taiwan to the mainland is critical to the accelerated economic activity between the two sides.

Domestic funds have been entering the mainland through various channels including trade, investments in stocks and property, and joint ventures, the report said.

The report put the current circulation of new Taiwan dollars on the mainland at around NT\$10 billion (about US\$400 million), which excludes those disguised as funds from Hong Kong, the United States, and others overseas.

Meanwhile, statistics released by the cabinet-level Mainland Affairs Council (MAC) show that approved investments on the mainland in the first nine months of this year, totaling US\$168 million, accounted for 18.47 percent of the country's total outbound investments, next only to the US\$177 million in the United States, or 19.47 percent.

In 1991, according to the MAC tallies, the US\$170 million mainland investments made up for 9.5 percent of the total, lagging far behind Malaysia's 24.15 percent, the United States' 16.27 percent, and Hong Kong's 10.91 percent.

Despite the substantial increase in cross-strait economic ties, MAC Vice Chairman Ma Ying-jeou said that his council has never taken any countermeasures against the “overheating.”

“Nor will it set ceilings on trade between Taiwan and the mainland,” he said.

Noting that cross-strait trade took about 9.8 percent of the country's US\$76.2 billion foreign trade in 1991, Ma

called on domestic manufacturers to weigh their mainland investments by quality rather than quantity.

"Don't put all your eggs in one basket," he warned.

Vice Economic Affairs Minister P. K. Chiang pointed out that the positive interdependence of the two sides might pave the way for a second economic miracle here.

Taiwan's affluent capital and advanced technology, coupled with the mainland's sufficient labor, land, and market, will ensure another economic peak, he said.

Chiang pledged that his ministry will map out a comprehensive policy in the coming new year to regulate trade with the mainland.

Foreign Ministry To Publish Diplomatic Report

OW3112094092 Taipei CNA in English
0807 GMT 31 Dec 92

[Text] Taipei, Dec. 31 (CNA)—A diplomatic report, the first one in the history of the Republic of China [ROC], will make its debut in the first half of January, an official of the Ministry of Foreign Affairs (MOFA) said Wednesday [30 December].

The report on diplomatic policy, the official said, usually called in other nations a white paper on diplomacy, is being released while there are major changes in national diplomatic policy. He said the ROC diplomatic report will be introduced to the public at a news conference, possibly chaired by Foreign Minister Chien Fu.

To keep in line with the report, the yearly MOFA diplomatic yearbook, originally intended for release in November has been rescheduled to be published in January.

He said the diplomatic yearbook includes all the important events and records in a current year on the diplomatic front and is designed to be used as a reference book while the report will narrate fully and clearly the policy, methods to be adopted and the far-sighted projects in the foreign relations sectors.

The MOFA official further noted that the issue of the sensitive cross-strait relations will be covered in several relevant chapters.

He said the report is not expected to be reissued on a yearly basis.

Younger Politicians To Take Up Key Posts

OW3112093492 Taipei CNA in English
0744 GMT 31 Dec 92

[Text] Taipei, Dec. 31 (CNA)—An authoritative source close to the presidential office said Wednesday that the nomination of Defense Minister Chen Li-an as new Control Yuan president reflects president Li Teng-hui's determination to promote younger politicians to top leadership posts.

The source said President Li is determined to inject new blood into the government leadership to take on new challenges ahead.

The average age of the newly elected legislature is only 46, the source said. Against this background, the source said, major government departments should also be headed by younger officials.

President Li hopes to pass the core of the power on to the "second-generation" politicians before his tenure expires in 1996, the source said.

And capability is Li's main concern in promoting officials to key government posts, the source added.

Meanwhile, Judicial Yuan President Lin Yang-kang confirmed Wednesday that he had been to the presidential office for talks with President Li, but he declined to disclose the content of their talks.

Lin, a charismatic political heavyweight, said the president did not mention anything about a possible cabinet reshuffle, nor did he ask him to assume a new job during their 50-minute talk.

Lin said he could not disclose the content of the talks. "If the president wished to make public our discussions, he could ask his spokesman or the Kuomintang [KMT] spokesman to do so," he added.

Judicial Yuan sources said Li and Lin exchanged views on a "broad range of issues related to national development."

During the talks, the sources said, Lin presented some suggestions on reforming the party apparatus. Li is concurrently chairman of the ruling party and Lin is a member of the KMT's decision-making central standing committee.

The sources noted that Li has often consulted with senior officials on national affairs, and Wednesday's meeting did not carry any special meaning.

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